in Labour 1

# FINANCIALTIMES

**EUROPE'S BUSINESS NEWSPAPER** 

No. 29,243

Friday February 10 1984

Israel reassesses its 'wait and see' stance. Page 4

## NEWS SUMMARY

#### GENERAL

## Calvi was Scottish killed, bids still suggests Craxi open

Italian Prime Minister Bettino Cra- SCOTT LITHGOW, the British xi appears to have endorsed the theory that Robert Calvi, the chairman of the collapsed Banco Ambrosiano Group, who was found dead under London's Blackfriars Bridge, was murdered.

Sig Craxi told the commission investigating the banned P-2 freemasons' lodge that he thought Sr Calvi's death could probably be traced to criminals connected with the

Sig Craxi also said he did not think Sig Licio Gelli, who escaped from a Swiss jail last year was the lodge's head. Page 14

#### Macmillan an earl

Former British Conservative Prime Minister Harold Macmillan has been made an earl to coincide with his 90th birthday today. The Earldom is hereditary and is the first created for 21 years.

#### **Dutch job losses**

Dutch unemployment, which now stands at 860,000 or 17.8 per cent of the workforce will pass the million mark next year according to the state-sponsored Central Planning

#### Space shuttle delay

The U.S. space shuttle Challenger had its fourth setback when a problem in the craft's robot arm curtailed a free flight by two astronauts using rocket-powered back-

## South African denial

South Africa denied a charge by the Mozambican news agency that vil-lages in Mozambique were swept away when South Africa opened an GOLD fell \$2% to \$383% in London cyclone.

#### Flooding threat

Dutch army units reinforced the banks of the River Maas, which is in spate near the south Netherlands town of Roermond. The rain-swollen Rhine threatened to swamp Cologne's old town.

#### Avalanche danger

京 東<sub>東</sub> - A the second constant in the first term of the first te

Four people were killed by avalanches in central Switzerland and at least three in Austria, After 80 hours of heavy snowfall there was a high risk of further avalanches.

#### Red brigades claim

A fire which caused heavy damage to the chemistry department of Milan University was claimed in the name of the Red Brigades, protest-ing against alleged mistrestment of juiled comrades.

## Back pay riot

Riot police dispersed 4,000 angry shipyard workers who blocked Lisbon's Tagus Bridge for nearly an hour, demanding payment of back

#### Belgian expelled

Belgian television journalist Andre Dartevelle said he was expelled from Brazil after police seized film showing emaciated peasants attacking a food warehouse in the

#### drought-stricken north east. Union ban attacked

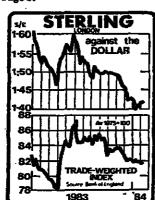
The socialist group at the European Parliament will table a resolution next week condemning the British Government's decision to ban trade union membership at the Cheltenham security centre.

## BUSINESS shipyard

#### Shipbuilders Clydeside yard, saw its takeover drama move into slower motion when the Government said it was still open to offers from bidders other than the Trafalgar House property group. Workers went on a one-day strike in protest

at what they saw as an attempt to force through the bid, which would mean 2,000 redundancies. Page 10 DOLLAR touched a low of DM 2.7265 before closing at DM 2.733 (DM 2.755). It fell to SwFr 2.219 (SwFr 2.229), FFr 8.404 (FFr 8.4625) and Y233,75 (Y234.1). Its trade-

weighted index was 129.8, its lowest this year, and down from 130.4. In New York it closed at DM 2.739, FFr 8.425, SwFr 2.232 and Y234.05.



STERLING benefited from the dol lar's weaker trend to finish at \$1.423, a rise of 1.05c. It eased slightly to DM 3.89 (DM 3.895), but rose to SwFr 3.16 (SwFr 3.15), FFr 11.9575 (FFr 11.95) and Y332.75 (Y331). Its trade-weighted index was 81.7 (81.5). In New York it closed \$1.4165. Page 37

(\$386%) and in Zurich at \$383% (\$386%). In New York the Comex February settlement was \$378.9 (\$382.3). Page 36

LONDON: the FT Industrial Ordinary Index was 15.4 down at 10am, but railied to close only 3.7 off at 801.3, a fail so far on the week of more than 31 points. Report, Page 31, FT Share information Service, Pages 32-33

WALL STREET: the Dow Jones In dex was 3.56 down at 1152.74 at the close. Report Page 27, full share listings, Pages 28 to 30

TOKYO: the Nikkei Dow Index was off 98.05 at 10,001.54, and the Stock Exchange index was 4.09 up at 779.31. Report Page 27, leading prices, other exchanges, Page 30

AUSTRIA's balance of payments current account was Sch 1.3bn (\$67.1m) in deficit last year compared with a Sch 7.9bn surplus in

MEXICO has secured subscriptions totalling \$3.2bn to the \$3.8bn loan it is seeking from commercial banks to cover this year's balance of payments, Mr William Rhodes, senior vice president of Citibank, has said.

TAIWAN has placed an order worth F1 60m (\$19m) with the Dutch ship-yard, De Schelde. Page 5

BELL RESOURCES, the flourishing investment offshoot of Mr Robert Holmes à Court's Perth-based Bell Group has extended its holding in Broken Hill Proprietary, Australia's biggest company, to 8m shares and options, equivalent to about 2.3 per cent of BHP's shares, making Bell BHP's second largest individual shareholder. Page 16

FISONS, the British agrochemicals. pharmaceutical and scientific instruments group, is to buy Curtin Matheson Scientific from the private U.S. company Coulter Electronics for about \$85m. Page 25, Lex, Page 14

## U.S. underlines intent to Lambsdorff in support Lebanese army

BY STEWART FLEMING IN WASHINGTON AND PATRICK COCKBURN IN BEIRUT

MR Caspar Weinberger, the U.S. Defence Secretary, told Congress yesterday that the U.S. was "not leaving Lebanon." He said the heavy shelling of positions in the Syrian-occupied areas of the country was designed to demonstrate continued U.S. support for the Lebanese army and to underline that the plan to pull back the marines does not mean a weakened U.S.

The destroyer U.S.S. Moosbrug-ger unleashed a barrage of shells aimed at targets in Syrian-held territory east of Beirut last night. "She will fire 150 rounds before she is through," said a U.S. marine spokesman.

In separate briefings U.S. Administration officials strongly echoed Mr Weinberger's remarks, but continued to leave open the question of how long the U.S. is to maintain its

current military posture. The Administration has said only that it was planning to move about one third of the 1,500 marines from their base at the Beirut International Airport over the next three to four weeks and that the complete evacuation of the contingent to the ships of the U.S. Sixth Fleet, standing by off the coast, could take four

BY PATRICK COCKBURN IN BEIRUT

'GIVE ME 24 hours – not longer –

and the streets of West Beirut will

be secure," said Mr Nabih Berri,

leader of the Lebanese Shia com-

munity and the instigator of last

Monday's insurrection in West Bei-

rut which has led to the decision to

People were still waiting in the

Lebanese capital yesterday to see if

President Gemayel, who has said nothing for five days, and the loyal

remnants of the 37,000 strong Leba-

nese army will in fact accept defeat.

leaders of the Amal paramilitary

movement, which carried out the

rebellion, said yesterday that the

army high command has lost con-

trol of its remaining troops, but they were concerned that individual

brigade commanders might attack or shell Moslem areas.

Mr Berri explained, as he sat in

ing, that he intended to get his mi-

his office 500 yards from the fight- 1969.

withdraw the multinational force.

that the timing was not yet fixed. The decision to phase it over months was a conscious move aimed at avoiding the impression

that the U.S. was "cutting and run-

ning" from Lebanon.
"We could pull them out in 24 hours if we wanted to," the official said, adding that a decision could also be taken to send marines back

Administration officials suggested yesterday that the U.S. was determined to use the military power at its disposal to try to bring about a political solution to civil war.

The decision to permit U.S. forces to fire freely into Syrian-occupied areas of the country is being presented in part as designed to pro-tect U.S. and European military personnel in greater Beirut, but also to dissuade Syria from continuing to use its diplomatic and military power to block a political com-

The official pointed out that after the battering the U.S. guns gave positions in Syrian occupied Lebanon on Tuesday. "There has been no fir-ing from there today."

He added that U.S. reconnais-

rut and restore some normality.

Twice his words were punctured by

the harsh crash of an army firing a

The Amal movement clearly in-

tends to put the blame for any fur-

ther fighting on the army and Presi-

dent Gemayel. They are also eager

not to provoke the U.S. marines be-

fore they depart, and to assure the

inhabitants of West Beirut that the

new authorities are more sympa-

thetic than Mr Gemayel's regime.

Barricades are being removed, the

It appears that Amal is being suc-

cessful. There have been no more

attacks on liquor stores or comman-

deering of private vehicles for un-

disclosed revolutionary purposes.

Mr Berri compares the excesses in

the first hours after the takeover of

West Beirut with the impact of the

electricity blackout in New York in

Despite this low profile, Amal

high-velocity round.

Shia leader to 'restore order'

litamen off the streets of West Bei- and the Shia militiamen who sup-

One official stressed yesterday territory bad not been fired on eith- said that most of his men had been

that there is a slightly different mil-itary balance," the official added.

The evacuation of foreign residents is planned by several embas-sies. In addition to the British nationals scheduled to leave today, it is believed that Americans will also be evacuated. UK citizens are to be carried by helicopter to the port of Jounie north of Beirut.

nesday, was silent yesterday and there was only scattered shelling of East Beirut.

A Druze leader passing through the area which had been shelled said that an entire village was wiped out and civilian casualties were heavy.

The Druze and the Shia, in addi-

tion to their Syrian backers, are not reacting militarily to the shelling by the U.S. Navy, believing that Presi dent Reagan is trying to save face after announcing the marines' with-

In a bid to restore calm Mr Nabih Berri, Leader of the Shia militia Amal, which took over the west of sance flights over Syrian-occupied the city from the army on Monday,

port it now control two thirds of

Beirut. The insurrection had been

spectacularily successful. Dr Sam

Seblani, who has the curious dis-

tinction for an Amal leader of being

a U.S. citizen, says that President

Amin Gemayel controls little more

It may be premature to write off

Gemayel so completely, but he has

done almos nothing over the last

week as por er has ebbed away

from his regime. His army never

controlled the Shia stronghold of

south Beirut, and on Monday he

The Government has been belea-

guered ever since the Israeli with-

drawal from the Chouf Mountains

last September left Beirut block-

aded and almost besieged by Presi-

dent Gemayel's enemies. The coup

de grace came more quickly than

anybody expected. In the morning

of February 2 an Amal member was

killed by an army sniper. Amal mili-

tiamen responded by taking over a lem politician to have anythin well-known army position at St Mido with President Gemayel.

than his presidential palace.

withdrawn from the streets.

EMPERSITY OF JORDAN

LIBRARY

He said his aim was to restore or der and security. He guaranteed the safety of foreigners, foreign embassies and said he hoped to see the airport, university and schools reopened in the near future.

Shia and Druze leaders do not rule out a military counter-attack by the army units still loyal to Pres-ident Amin Gemayel, though this must be decreasingly likely. Gen-The battleship New Jersey, which eral Tannous, the army comman-fired more than 250 rounds on Wed-

come involved in further fighting. In West Beirut the withdrawal of the militiamen from the streets has reduced tension and some shops were open yesterday. Queues of people waited to buy bread and many shoppers are buying supplies in case the crisis worsens.

Mr Berri said yesterday that he held President Gemayel responsible for the deaths of the people killed when the army used heavy artillery against south and west Beirut. He said he considered President Gemayel "a murderer, a mod-

Unifil force eyes Beirut vacuum, Page 4; Editorial Comment,

As fighting spread, the Lebane

army used its heavy artillery to bombard the Shia strongholds in

South Beirut. The hospitals filled

with killed and injured. Last Satur-day Mr Berri called for the army

units to stop obeying President Gemayel and for Mr Chafik Al-Waz-

zan, the Prime Minister, to resign.

The Wazzan government re-

signed on Sunday, and at the same

time the army tried to move a loyal

brigade into West Beirut. Dr Sebla-

ni says he telephoned the army

command at midnight to say that

Amal knew of this plan, and to say i would light

men poured into the streets frater

now makes it difficult for any Mos-

lem politician to have anything to

# fierce attack on bribe claim

BY JAMES BUCHAN IN BONN

D 8523 B

COUNT Otto Lambsdorff, the West that Count Lambsdorff received German Economics Minister ac- DM 135,000 in all, which the prosecused of taking bribes from the cutor alleges might have influenced Flick industrial group, yesterday his approval of the tax-free invest-sprang on to the offensive with a ment of capital gains by the compafierce rebuttal of the public prosecutor's indictment.

trified a packed parliamentary committee of inquiry, Count Lambsdorff made sharp and detailed attacks on the indictment handed him said that the indictment suggested by the Bonn public prosecutor last at another point that cash had been December. Although Count Lambsdorff denied that he was quoting July 9 1980 - a day when he hapfrom the document, which is illegal in Germany, even friends were as-tounded at his audacity. Chancellor Helmut Kohl has said

that Count Lambsdorff must resign if a Bonn court this spring decides to proceed against him on the charges that cash gifts from Flick could have influenced his approval of tax exemptions for the concern.

In a cool and deliberate attempt to discredit the indictment, Count
Lambsdorff gave a detailed alibi or against his name. The investigation other rebuttal for each of the four occasions in 1977 and 1980 when he is accused of taking cash from Flick officials. The public prosecutor says

ny.
One meeting with Flick manag-In a 25-minute outburst that elec- ers at which the indictment suggested cash could have changed hands simply did not take place. Count Lambsdorff said. He also withdrawn for payment to bim on pened to be in Tokyo representing the Bonn Government at the funeral of Masayoshi Ohira, the Japanese Prime Minister.

Count Lambsdorf said he had received permission from Herr Hans Matthöfer, the Social Democrat Fithe exemptions, to quote before the committee his own meetings with Flick managers at a time when of Herr Matthöfer was broken off. "How did the public prosecutor come to different conclusions de-

Continued on Page 14

## **Democrats insist** on defence cuts

BY STEWART FLEMING IN WASHINGTON

terday that they would not be willunless President Ronald Reagan agreed to discuss reducing defence

spending. Senate majority leader Mr Rob-ert Byrd of West Virginia said the next meeting of the group, proposed by the Administration for next week, could occur only after "the Administration submits to us 48 hours in advance specific areas of the Pentagon budget which it is

willing to cut." On Monday morning the militianising with or, where opposed, fighting the army. By nightfall most of West Beirut was in their hands. The army responded with a ferocious bombardment of civilian areas in the west of the capital. This indiscriminate use of artillery cit-cutting "downpayment."

being drawn into a situation in which they will find themselves

budget deficits with the Adminising to take part in discussions about tration.

He added that he was speaking on behalf of Representative Jim Wright and Senator Daniel Inouye. They attended the first meeting of the working group of Administration and Congress members which earlier this week discussed a deli-

The Democrats' statement underlines their suspicions that they are

DEMOCRATIC leaders warned yes- having to share the blame for the

It also reflects their fears that the Administration is not willing to make serious cuts in the defence area, one part of the budget where they believe big savings are possi-

Meanwhile, Mr Paul Volcker, Federal Reserve Bank chairman, yesterday offered soothing words to Wall Street. He said he felt that the "may be overdone."

He added that his warning about the dangers of recession some time in the future if deficits were not controlled was "overblown" by the

But he reiterated his fears about federal budget deficits and said that "there is increasing concern" over the stability of the dollar.

Debt rescheduling terms improve, Page 6

## **GEC** leads call for inquiry into Colombian rail contract

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN LONDON A BRITISH-WEST GERMAN con- \$322m oil pipeline contract in Su- cent less than the winner, had

Two brigades with tanks, the fifth Gendarmerie is being sent into the

Green Line which divides Christian of the fighters are being sent to the

East Beirut from West Beirut. The battle line which divides the city.

tested strongly to President Belisar-io Betancur of Colombia over the way in which a \$630m contract was and French bidders both to the Suawarded for a public transport system in Colombia's second city, Me-

A letter from the consortium has been sent to Sr Betancur complaining of irregularities in the award last November to a group of West German and Spanish companies. Similar protests were sent by a French group led by Francorail, and a Spanish-East German consor-The protests have been sufficient-

hy strong to oblige President Betan-cur to refer the matter to the country's Attorney-General.

A spokesman for GEC Traction, the subsidiary directly involved in the bid, said yesterday that the con-

sortium was confident that the contract would be reconsidered. It is highly unusual for disapthat the way in which the contract pointed bidders to make formal protests in this manner. The only recent instance was the award of a The GEC consortium bid, 9 per from commercial banks.

sortium, headed by CEC, has pro- dan in October last year to the Ital- strong Eritish Government backdanese Government and to the International Finance Corporation in Washington.

The Medellin metropolitan railway system, consisting of a 24 km north-south line and a 5 km eastwest line, is Colombia's first modern public transport venture. It was keenly contested by 11 consortia, conscious that Colombia also has plans for a second public transport system in the capital, Bogota.

The winning consortium, whose members are Entrecanales of Spain, and MAN and Siemens of West Germany, put in a bid which was considerably higher than others, including that of GEC. GEC said yesterday they were convinced their bid was more competitive, and investigated.

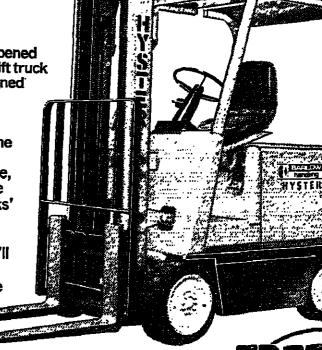
ing. The British Government was prepared to offer up to C50m (\$70m) worth of aid from the Elbn Aid and Trade Provision of its budget. Shortage of work for GEC Traction in this area had placed a premium on gaining the contract. Within Colombia the contract has

aroused controversy and has been criticised as an unnecessary diversion of scarce resources at a time of recession. However, President Betancur, who is a native of the Medellin area, is publicly committed to going with the project. Any change in the contract could prove highly embarrassing.

Furthermore, delays in proceed ing with the contract could affect Colombia's international borrowing plans for 1984. Within the next two months a group of West German banks was expected to lend \$200m for the project. This sum would ac count for nearly 20 per cent of Colembia's borrowing requirements

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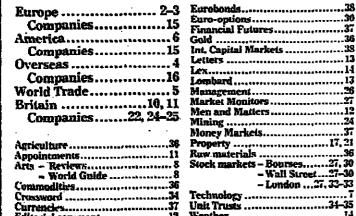
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ENI boosts Ecu loan

BY PETER MONTAGNON, EUROMARKETS

the loan it is raising in the Euro dollars.

CORRESPONDENT, IN LONDON

in response to demand

ENTE Nazionale Idrocarburi (ENI), especially those from Italy and Italy's state energy conglomerate, France which are seeking to diverhas asked its bankers to increase sify away from borrowings in U.S.

markets to Ecu 450m from Ecu But bankers are still cautious 250m because of very heavy over-subscription. about the scope for a series of large Ecu credits. Sweden's £500m credit

The loan has attracted 31 lead last year revealed unexpected

basket of the European Communi- A feature of the ENI deal is that

credits.

U.S., Japanese and Canadian instiIts success is likely to attract tutions, with a relatively small com-

Kong.

Feb 9 98.831

other borrowers into this market, mitment coming from banks in the

David Lascelles reports from Tokyo on a grudging concession to U.S. pressure

## Japan keeps firm grip on Euroyen market

April 1, Japan is due to throw open the near-dormant Europen bond market, fulfilling part of its pledge to the U.S. to internationalise use of its currency. nationalise use of its currency. But sceptics here expect the move to be so hedged about with regulations that it will make little or no difference. Some people have even denounced it as a simmick to distract attention from the much more urgent task of dismantling Japan's rigid domestic interest

At the summit between President Reagan and Prime Minister Nakasone in Tokyo last November, Japan agreed to allow domestic borrowers to tap the offshore yen market, which has been used evaluatively by allowing Japanese companies to the offshore yen market, which has been used exclusively by non-Japanese borrowers, and then only official institutions like the World Bank which meet the Japanese Ministry of Finance's strict credit standards.

Allowing Japanese companies to set up offshore finance subsidiations of the Government is drawing up guidelines for the market: who should be allowed to use it, and on what terms, to win favour with the authorities."

Mr Morimasa Yamada, international managing director at

The Bank of Japan estimates weeks time between the U.S. Nomura Securities, the largest for obvious reasons, want to sec have been only 24 issues.
The Nakasone Government—

the yen should be allowed to bond market to Japan's top play a larger international role, notch blue chip companies. But in line with Japan's standing on the world trade scene. This includes tolerating a bigger that the tax authorities are refusementation its currency overseas. includes tolerating a bigger market in its currency overseas. But the Bank of Japan harbours

after D-Day, and the answar at the moment is no.

under intense pressure from the U.S.—reluctantly accepted that limit access to the Euroyen

ing to exempt interest payments on Eurobonds from Japan's 20 serious misgivings about the Euroyen market. The decision to open it up was apparently taken by the Finance Ministry. behind its back. Even the Ministry is divided.

Officially the Construction on Eurobonds from Japan's 20 per cent withholding tax, which means they will have no appeal to investors in the Euromarkets. The obvious way round this—allowing Japanese companies to set up offshore finance subsidia-

tic corporate bond market. According to Mr Yamada at which is another reason why it Nomura, this is because they are which is another reason why it is being handled with coulon. Being much less tightly regulated, hence cheaper, the European market would be highly attractive. A major difference would be the absence of Japan's traditional requirement that bond issues be backed by collateral. Commercial banks, which usually collect fees for acting as trustees of the colacting as trustees of the col-lateral, also stand to lose busines if Japan's top corporations money in another currency and turn to the Euroyen market. swapping it into yen) and in so-

come alive, it could have a raised nearly half their total major impact on Japan's domesnew capital outside the country.

brisk business in alternatives like currency swaps (raising This has made them hostile to the plan, particularly since Japan's Glass-Steagall-rype bank laws prevent them from underwriting securities issues.

Japanese corporate treasurers,

by Morgan Guaranty, Istituto Ban-

cario San Paolo di Torino, Bank of

will now go into limited syndication

A further example of how the

scarcity of new business is prompt

ing an enthusiastic reaction to new

loans has come with the increase to

\$600m from \$500m in the loan being

sought by Indonesia. The co-ordi

nating group - Bank of Tokyo, Chase Manhattan, Industrial Bank

of Japan, Lloyds Bank Internation

BHF Bank bond average

1983-84

Previou 98.743

Low 97.699

It is an eight-year cre

Tokyo and Banque Indosuez and

at the smaller participant level.

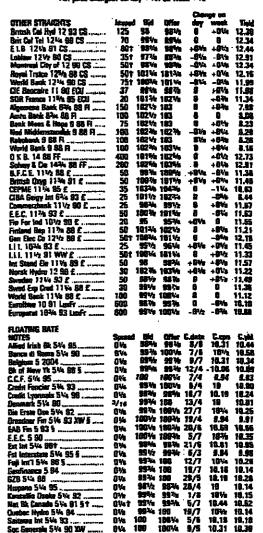
## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 9.

31046119	1994		4 100%	, <b></b> 7	-11%	
Australia Comm 1114 50	100					
Australia Comm 1112 95	300	971			1	11.88
Australia Comm 114 s 96	190	974			+0%	
Bank of Tokyo 117's 90	100	381		-014		
Satori Fin 117/s 90	125	954	's 1084's	-84	-0%	11,87
Canada 102a 88	500	981	2 99	Ð	+0%	11.28
C.C.E. 1254 95	75		100%	-04		
6 LLLC. 1248 33	190	917		-04		
Discorp O/S 103-s 90					-814	
Cracery 0.'S 1124 90	100	981				
Den Norsk Cred 1144 93	50	<b>92</b> V		-94		
BNC 1134 91 WW	50	96	9642	Q	-84	
DNC 1124 91 XW	50	957	L 957a	-84	-84	: 12.73
Germark Knodom 1214 93	100	9874	991/4	-8%	: E	12.44
EC.S C. 11% 90	75	99%	99%	8	-8V <sub>1</sub>	11.95
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E.E.C. 12 93	50					11.98
E.I.B. 1034 93	260	92%	92%	-01/1		
ELB. 1142 90	200	971		-8%		
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Electrolux 101/7 90	50	924	. 53%	0	-84	12.15
SMAC 0/S Fin 112/8 90	T00	934	2 160	-84	8	11.48
IC Indust Fin 117/a 98	75	98 Y	. 97	0	+07/8	
Indust Bk Jacan 117's 91	100	994		-04		
ITT Finance 1117 89 WW	125	994		-01/2		11.68
	42	924		-8%		11.88
Japan Air Lines 10% 98		95%			-84	
Japan Ar Lices 11 93	.75					11.77
J.C. Penney 11% 90	100		150%	<u>o</u>	0	11.70
J P Morgan 112's 90 WW	150	98%		-01/6		11.59
Levi Strauss lett 11 90	75	9E %		-01/4		11.53
LT.C.B. 1034 99	100	93%		8	+0%	12_13
LT C.B. 121/2 90	85		18274	-84	-81/2	12.81
Merriii Lynch 105/a 90	200	947	95%	-81/E	-014	11.75
Mitsubishi Fin (13/a 90	100	3654	871/6	-QVa	+81/2	12.07
Nappen Credit 1   90	100	94%	951/	8	+8%	12.19
Nigogn Creds 11% 80	100	28%	9874	-04s	Ø	72.21
Nippon Tule 11% 90	100	991/2		Ö	-014	11.43
Ontaria Hydro 1044 90	250	93**		-8%	-8%	11.65
Ontario Hydro 1134 90	200		199%	-01/2	-81/4	11.68
Pacific Ses & Elec 12 91	75		1013	9	-814	11.84
	75	971/2		-4%	7	
P.K. Sanken 12 90 WW						12.48
Processial 101/a 93 WW	1501	9574		-814	+81/2	1B.79
Predential 181/s 83 XW	150	9874		•	+814	11.77
Ocesbec Hydra 111/2 92	100f	9774		-01/2	-01/2	11.84
Custec Province 1244 94	150	95 .	987/4	0	-8Vs	12.52
Boyel Bk of Can. 111/2 89	100	97%	987	9	-814	12.82
Renal & Ind. Bk 12 91	50	9844	9834	+87/2	+81/4	12.33
Sears 0/S Fm 111/2 88	125	101%	19134	-01/e	Ő	11.85
Sears 0/S Fan 11% 91	150	9876	9876	-81/4	-8%	11.92
Sears 0/5 Fin 11% 93	150	981/2	95	-01/6	0	11.82
S.E.K. 111/2 89	100	9734	98%	ē	-8Va	12.85
Sumetomo Fm 107/8 90	100	9476	947/2	ō	+04	12.11
	200				-81/2	
Terraco Capital 101/2 93		941/2	<b>95</b>	Ē		11.48
Tokai Asia 11d 12% 91	100		18074	0	+07=	12.25
U.B.S. 10 88	100	98V4	983/4	-0V4	-874	18.43
World Bank 1144 88	100	98 %	997/2	-04	-82/0	11.48
World Back 11 Vs 90	200	9674	9714	8	8	11.59
World Bank 111/2 90	150	9840	984£	+0%	-8%	11.84
World Benk 12 93	200	10014	10034	9	B	11.58
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Aceca hat 1844 91	100	98%			+874	8.
ARAS. 81/2 91	150	991/8	291:		-844	8.
Arab Sacting Corp 8 88	100	9754	981/4		+674	8.
Asian Dev Bk 81/2 93	200	1805×z	1011/6	+874	+070	8
Austria, Rep. 75/a 89	100	1081/2	181		+814	7.
Awan Int Fig 71/2 93	100	100%	1011/4		+814	7.
Berclays O/S 81/1 98	250	191%	102 Va	+0%	+ \$ 7/4	7.
Beature Foods 744 93	136	102%	1024		-844	7.
ECS.C. 8 90	150	1014	101%	+87/s	+872	7.
E.I.B. 8 93	200	99V2	100	9	+854	8.
Eurofena 742 90	100	100%	101%	-81/8	8	7.
Europerat 844 93	150	180	1081/2	8	+61/2	8.
Fintand Rep 8 90 ,	150	190%	1014s	8	+844	7.
I.A.D.B. 8¼ 93	150	395/4	100Ve	-₽Vs	+134	8
Int Standard De 7% 90	180		10174	•	8	7.
Int Standard Ele 744 93	100	1814	181%	-674	-8Ve	7.
Ireland 85/a 91	15 <b>0</b>	108%		13	+8%	8.
Japan Day Bk 71/2 90	180	18074a	10114	-81/2	8	7.
LT.C.B. 8 90	100	181	1811/2		-8Yz	7.
Megal Fin 84. 94	<b>750</b>		58%		+8**	8.
Sth Africa Bep 877 91	<b>200</b>		181%		+0.40	8.
S.N.C.F. 81/8 93	100	99%	180%		+47%	8.
VEBA Int Fin 4 93 WW	300		127%		-942	1.
VEBA Int Fin 4 93 XW	300		7844	-846	-8Ve	7.
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Europaret 61/s 93	100	101	1814		+874	5.5
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Japan Dev Bk 51/a 93	100	102	19274	8	-1	5.5
Jap Highway Pab 55/a 81	198	105%			-814	5.4
Kansai Ele Power 8 91	100	182	10242		-81/2	5.6
Manitolia Prev 51/2 93	100	181 %			+876	5.2
Ment Blanc Tural 63/s 93	35	163	1834	9	-042	5.3
Mount Isa Finance 8 93	100	16344	1031/2		+044	5.5
Mig Bk Ogranark 6% 91	80	10244	1824>		+01/5	5.8
New Brusswick 544 93	100	192	10244	+844		5.4
Napone Tel & Tel 534 93	100	193	1034	+81/6	+8%	5.3
Hisshin Steel 644 91	100	19114	1811/2	-842	+01/2	6.8
Osterr Post 6Ve 91	100	18374	184	Q	-814	5.4
Geebec Province 55/s 93	100	101	1814	+81/4	-01/2	5.4
Strikuku Bec Pawar 6 91	100	102	10214	+01/2	-8¥e	5.6
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Bodgestane Tite \$1/2 96			12134	12374	-344	-2.
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Hitachi Cable 51/4 96		515	116%	11814	-134	-2.
Handa Motor 51/4 98	6/83		115	117	-744	-6.
Honda Motor 51/2 97	3/83	759.6	1345h	13676	-54	-83
Konistricolos Photo 4 98	10/83	673	103%	184%	-3%	٦.
Kyowa Nakko 644 97	2/83	782	116	117%	-4	2.
Minubes Co Ltd. 547 88	5/83	857	1114	1124	+8%	-8.
Minsubishi Electric 514 98	8/83	396	184%	18574	-274	-8.
Missisisi Heavy 474, 98	1/84	253	57%	38%	-2%	-1.
Morata 31/2 99	2/84	2939	115%	118%	-1-74	-1.
Nippon Gil Ca 51/2 98	4/83	384	100%	105%	-244	
Missan Motor 544 98	4/83	700	1031/2	1841/2	-21/4	-21
Clympus Optical 64a 87				10874		
Oment Leasing 5¼ 98				10614		
Secore 5 98				1651/2		
Yamaichi Sac Co S 98	B/83			1041/2		
Yamanouchi Phane'cal 4 90	10/83			1001/2		
Bridge Oil 444 93 SF				11176		
Nippon Airway 234 94 SF	2/84			181%		
Toshiba 244 94 SF	1/84	391	10514	188%	-21/2	1

13: 14-

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## Electricité de France cashes in on buoyant trend to swap debt

BY MARY ANN SIEGHART IN LONDON

ELECTRICITÉ de France is taking Two fixed-rate Australian dollar cost. It has launched a \$400m FRN ered too small to absorb more than issue through lead managers one issue at once, and the A\$50m is and the yield is expected to be Banque Nationale de Paris, Credit sue for the Primary Industry Bank around 10% per cent. Suisse First Boston (CSFB), Cit- of Australia is only a week old. icorp and Deutsche Bank.

on interbank offered rate at par. With total commissions to managers of 0.875 per cent, the all-in compounded cost to EDF is just 0.24 per cent over Libor. The issue was wellreceived, though, trading at a dis-count around its selling concession of 0.65 per cent.

Banque Bruxelles Lambert is car-rying out a similar operation with its new \$100m note, paying % point over the mean of the six-month London bid and offered rates at par. It will use the proceeds to prepay its existing \$100m due 1986 issue, which pays ¼ per cent over Libor.

CSFB is leading the deal, which has front-end fees of 1½ per cent. It sold comfortably within its 1 per 12% per cent at a price of 97.8 by cent selling concession, at a price of lead manager S. G. Warburg. This

The notes have a 15-year life and pay % point over the six-month Lon-First to come was a A\$42m deal opment Corporation led by Orion Royal Bank and Daiwa Europe. The six-year bond has a 12% per cent coupon at a price of par. It sold outside its 1% per cent selling concession at a discount of about 1% per

> Meanwhile, the State Bank of New South Wales is raising A\$40m through a five-year bond paying 12% per cent at par, led by Morgan Stanley, Samuel Montagu and Samuel Montag omon Brothers. The issue was re-ported to be selling slowly at a discount of 1% points.

The Province of Quebec's bulldog bond has been given a coupon of gives a yield of 12.532 per cent.

The European Investment Bank advantage of a buoyant Eurodollar issues were launched yesterday, is raising Ecu 75m through a 10-Iloating rate note market to refi-with unhappy timing. The market year bond with a 10% per cent counance its existing debt at a lower in that currency is generally consid- pon. Banque Bruxelles Lambert will price the deal on February 24

> managers and total underwriting depth to the sterling credit market, commitments of more than Ecu but the size of its loan has not been In Switzerland, Kyushu Electric Power is raising SwFr 100m through an eight-year bond led by 600m, confounding critics who be-matched since, and some bankers lieve that the deposit market in Eu-feel the situation in the Ecu market SBC. The indicated yield is 5% per ropean currency units, the currency is similar. ty, was too thin to fund large Euro- many of the lead managers are

Trading was quiet in most secondary markets yesterday, with prices closing little changed.

	KLY U.S. BONI		<del></del>	
	Feb 8	Feb 1	1983 High	–1984 Low
Composite Corp. AA Government:	12.21	12.19	12.83	10.78
Long-term	11.62	11.57	11.93	10.18
Intermediate	11.43	11,36	12.03	9.83
Short-term	10.73	10.70	11.26	9.21
Municipal	76/g	n/a	10,01	8.72
Industrials AAA	11.83	11.79	12.36	10.51
Industrials AA	12.03	12.02	12.62	10.72
Utilities AA	12.40	12.37	13.05	10.35
Professed Stocks	11.25	11.16	11,47	10.59

February 10, 1984

All of these bonds having been placed, this announcement appears for purposes of record only.

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Washington, D.C.

DM 200,000,000 8 % Deutsche Mark Bonds of 1984, due 1994



Interest: Offering Price: Repaymen

ADCA-Bank

Berliner Bank

Aktiengesellschaft

Aktienges

8 % p.a., payable annually on February 15

February 15, 1994 at par at all German stock exchanges

**Deutsche Bank** 

**Dresdner Bank** 

Allgemeine Deutsche Credit-Anstalt

Badische Kommunale Landesbank

Bayerische Landesbank

Kreditanstalt Oldenburg

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Deutsche Länderbani

Landkreditbank

Halfbaum, Maler & Co. AG

Bankhaus Hermann Lampe

Kommanditgesellschaft

Sal. Oppenheim jr. & Cie.

Girozentrale

National-Bank

Aktiengesellschaft

Georg Hauck & Sohn Bankier

Landesbank Schleswig-Holstein

Schröder, Münchmeyer, Hengst & Co.

M.M. Warburg-Brinckmann, Wirtz & Co.

Aktiengesellschaft

Commerzbank

Bankhaus H. Aufhauser

Bank für Gemeinwirtschaft Bayerische Vereinsba Aktiengesellschaft

Richard Daus & Co., Bankiers

utsche Girozentrale Deutsche Kommunalbank

Hamburgische Landesbank Hessische Landesb - Girozentrale - Girozentrale – Merck, Finck & Co.

Norddeutsche Landesbank Girozentrale Reuschei & Co. Schwäbische Bank Aktiengesellschaft Trinkaus & Burkhardt

Westfalenbank Aktiengesellschaft Westdeutsche Landesbank Girozentrale

Baden-Württernbergische Bank Aktiengesellschaft

Bayerische Hypothe Joh. Berenberg, Gossler & Co.

Bankhaus Gebrüder Bethmanı Delbrück & Co.

DG Bank Deutsche Genossenschaftsbank ank-Warburg Handels- und Privatbank Aktiengesellschaft von der Heydt-Kersten & Söhn

B. Metzler seel. Sohn & Co.

Landesbank Saar Girozentr

Oidenburgische Lande Karl Schmidt Bankg Aktiengesellschaft Vereins- und Westbar Aktiengesellschaft

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U.S.\$150,000,000

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(Incorporated with limited liability in Austria)

Subordinated Floating Rate Notes 1996

The following have agreed to subscribe or procure subscribers for the Notes:

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Bank of America International Limited Bankers Trust International Limited

Dai-Ichi Kangyo International Limited Lehman Brothers Kuhn Loeb

Morgan Guaranty Ltd Salomon Brothers International

Bank of Tokyo International Limited Chase Manhattan Capital Markets Group **IBJ** International Limited Mitsubishi Finance International Limited.

Orion Royal Bank Limited Sumitomo Finance International Sumitomo Trust International Limited

The Notes, in the denomination of U.S.55,000 with an issue price of 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to their issue. Interest is payable semi-annually in arrears in August and February, commencing in August 1984.

Particulars of the Notes and of Creditanstalt-Bankverein are available in the Extel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 24th February, 1984 from the brokers to the issue:

> Cazenove & Co. 12, Tokenhouse Yard. London EC2R 7AN

10th February, 1984

al and Morgan Guaranty - has been joined by a further 22 lead manag-T Only one market reaker supplied a price. bled in only a week despite the Chi nese new year holiday in Hong into two tranches. One totalling \$450m bears interest at % per cen London Eurodollar rates while the other totalling \$150m car ries an 0.2 per cent margin over U.S. prime. YEN STRAIGHT Australia 84s 92 ELB. 844 92 ....

## Portuguese minister assails investments in public sector

nave poured ill-advised investments totalling \$1.5bn into state-owned industries over the past six years, 60 per cent of which will never be recovered, according to \$r\$ Veiga Simao, iects and the deferral of price the Minister for Industry and Energy.

Energy.

He claimed that these investments, made for short-term gains at the expense of a global economic strategy, had plunged the public sector into a frightening financial condition with a debt in the industrial and energy sectors that had risen more than 500 per cent since 1977 to \$5.5bn.

His speech came a week after the Socialist-led coalition government ordered fuel and energy price increases of up to 23 per cent.

The minister said that private companies were also seriously hit by debt and were danger-ously decapitalised. A major restructuring of both the private and public sector was the most urgent requirement of the Government's recent announce-

Government's recent announce-ment of plans to make drastic cuts in spending and jobs in Portugal's overmanned public sector, which was nationalised cuts in spending and jobs in Portugal's overmanned public sector, which was nationalised under pressure from the Communist Party in the wake of the 1974 revolution.

Speaking to the Portuguese Association of Industrialised (AIP) the minister said that interest payments on the injured vesterday when Nat.

Association of Industrialists (AIP) the minister said that tries, two demonstrators were interest payments on the industrial and energy sector debt had increased in six years from \$53m\$ to \$720m\$ and that government support for the sectors this year would reach and rior tags. The sectors in the means of deverting the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the industrial tries, two demonstrators were ment in Athens would allow the

AS EACH week passes without any tangible progress towards a settlement of the European take a year for national Parliaments to ratify the new limit so ments to ratify the new limit so an emergency financing packapprehension deepens in Brussels. Nervously, and with some dread, diplomats and officials focus more and more on one simple question: "What happens when the money runs out."

Simple questions do not always yield simple answers. This year, for the first time in its history, the Community looks unlikely to be able to finance all its current activities because the demands on its budget will be greater than available revenue. The political, legal and social consequences are extremely difficult to forsee, but those that can be identified pose grave threats to the political cohesion and stability of the Community.

Little wonder therefore that

Little wonder therefore that those who care are praying for a summit in Brussels next month

a summit in Brussels next month
or, failing that, in Bordeaux in
June which will produce agreements capable of dispelling the
Micawberesque nightmare.
The package deal which
eluded the Heads of Government in Athens would allow the

through the remainder of this year and all of next.

In the absence of these agreements, one firm prediction that can be made is that the crunch will hit the agricultural guarantee section of the EEC budget.

Despite having announced savings worth 260m European Currency Units, (Ecus). the Commission estimates that farm price support will still cost this year at least 900m Ecus more than the 16.5bn Ecus budgeted. If, however, the Commission's proposals for reform of the Common Agricultural Policy, coupled with a virtual standstill on farm; prices, are accepte by the end of March, then Brussels believes that spending can be brought within a tolerable margin of the budget total.

Assuming no farm agreements, doomsday predictions suggest misery, degradation and even revolution in the countryside if the CAP is brought to its knees.

Here are some of the oues-

knees.
Here are some of the questions and limited answers which are being examined in Brussels and some national capitals. Could the Commission find some extra money for agricul-ture?

Yes, it could, but the possibi-lities are either legally dubious, politically unattractive, or both. Previous custom and practice is, however, ruled out. There can be no resort to a supplementary lose its nerve. West Germany may even stand in support. budget because the Community
has already budgeted to spend
all but 43m Ecu of funds available within the 1 per cent VAT

Borrowing to finance the budget deficit (as national governments normally do) is ruled out by the Treaty of Rome. Some members of the Commission believe that they could use

believe that they could use Farm spending will be the target if the EEC runs out of eash. Doomsday predictions suggest

misery, degradation and even revolution in the

country side if the CAP is brought to its knees.

John Wyles in Brussels describes the implications of technical bankruptcy for the Common Market

Article 200 of the Treaty to beg member states for ad hoc con-tributions. This move, even if legally possible, and other stratagems for handling the budget crisis, would run up against the reality of British nolicy however.

policy however. With very strong domestic backing, Mrs Margaret Thatcher, the Prime Minister, is determined to exploit the budgetary crisis to force a solution to the British budget problem.

Article 200 of the Treaty to beg unlikely to clear both the member states for ad hoc con-council of Ministers and the tributions. This move, even if European Parliament, which would be entitled to the last

The British, therefore, can be

expected to oppose any attempt to let the Community off its

financial hook. If Bonn does not

More politically feasible may be an attempt to raise more revenue from the farmers themselves by boosting the co-responsibility levy on milk production. Currently set at 2 per cent of the milk target price, the levy is already bringing in nearly 600m Ecu of

budget income. When would the farm budget run out of money?
Estimates vary within the Commission. Some say June, others September, while the real optimists think the budget

This year's EEC budget totals be stretched until 25.36bn Ecus and the Commission is theoretically able to pro-December. Much depends on the accuracy of the Commission's pose a transfer of money to agriculture from other sectors. budgetary forecast and on its handling of events. Farm spend-To do so would be bound to raise a political storm since it ing is notoriously hard to predict. Last year's initial budgetary allocation for agriculture, for example, proved to be about 2bn Ecus too low. would be seen as sacrificing social, regional or other requirements at the farming altar. The proposal would be

In any case, the Community will not suddenly wake up one morning to discover that its coffers are empty. Farm spending is actually administered through advance payments to national governments. The February advances, which have ust been paid, total 1.45bn Ecu. If this is established as the average monthly spending rate, then the total for the year would be around the 17.4bn Ecu forecast by the Commission. By mid-year, the Commission will have a fairly clear idea of how large the shortfall is likely to over the remaining six

Is there anything else Commission can do?
Not much, since substantial economies can only be achieved ments' reactions with the agreement of the totally fragmented.

EEC Budget: What happens when the money runs out? was no agreement by the end of March, then the Commission would probably act on its threat to withdraw all its price and reform proposals.

What could governments themselves do if the money

runs out? This is the most difficult question to answer, such are the political and legal uncertainties, political and legal uncertainties. There is always the risk that a Government might carek under the pressure of political protests and direct action. It every last agricultural Ecu has been spent and again assuming that we are in the final three months of the year, it seems highly likely that governments would maintain the basic CAP system of purchasing surplus production of milk, cereals, beef and yeal, sugar and some fruit and vegetables.

fruit and vegetables.

These intervention purchases are normally financed by gov-ernments who receive interest payments on their investments from the EEC and reimbursement when the produce is sold out of stocks at a loss. More seriously threatened would be the aids for storage, processing, marketing and income support which run at around 800m Ecu

per month. The most fearful nightmare in Brussels is that the governments' reactions would be

hier!

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economy.

His speech marked the sign-

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M LAURENT FABIUS

## Twin attacks leave popularity in tatters

BY PAUL BETTS AND DAVID MARSH IN PARIS

Nearly a year after he took over the industry and research portfolio from the always controversial M Jean Pierre Chevenement, M Fabius's honeymoon is over. A protege, practically a favourite son of President Francois Mitterrand. he came into office promising a pragmatic, market-orientated and low profile approach to France's industrial problems. Initially, the new Fablus style succeeded in restoring some degree of confidence in the value. gree of confidence in the re-structuring of nationalised companies and also in winning back some support from the

private sector.

But now, he faces the crunch.

"During 1974-1981, the previous "During 1974-1981, the previous government weathered the crisis at the expense of productive investment. Our job is to reverse this trend," he said. However, in recent months he has suddenly been faced with a whole series of declining sectors' problems that threaten to absorp most of the funds he absorb most of the funds he would prefer to use to support growth industries and produc-

tive investment.

Until the declining sectors' problems started coming to a head first with the Talbot car dispute over Christmas, then with steel, coal and the shipyards, M Fabius was a popular figure, mainly because he had kept his head down. But as one of the key ministers behind the Left-wing Government a industrial restructuring plans, he has trial restructuring plans, he has drawn the fire of unions, who think he is an axeman for the employers, and of business leaders, who argue vocally that he is not cutting deep enough. The Communists, junior partners in the coalition, have rounded on him and have openly questioned his Left-wing credentials.

## Low-key approach

M Fabius's low-key approach and his knack of side-stepping some of the more explosive dossiers have caused resentment among members of his own party. In the National Assembly this week, he came under attack this week, he came under attack from Socialists deputies complaining about a lack of consultation. And he has come under fire from both Right and Left for his handling of the salvage of La Chapelle d'Arblay, France's largest but sick papermaker which is based in M Fabius's constituency of Rouen.

After months of wranging with the unions and the Communists, the Government has agreed to pour in another agreed to pour in another FFr 3bn (£25m) to save the company. La Chapelle d'Arblay may well turn out to be a permanent scar in a so far near faultless political performance by hte 37-year-old Minister. M Fabius explains the Government's approach to industrial restructuring by suggesting there are three ways of tackling the problem. The suggesting there are three ways larities against a key target of tackling the problem. The first is to do nothing and refuse any job cuts. But this would of the now nationalised Paribas any job cuts. But this would only lead to further decline. The second is to make brutal changes, whatever their damage. We say no to this. There is a third way which we are trying to take: essential modernisation without grave social disruption and taking in account the importance of retraining workers."

Despite the controversion of the now nationalised Paribas bank — whose trial is now take ing place. M Fabius also institute the spectacular import controls on Japanese video cassette records.

INANCIAL TIMES, USPS No 190640, holidays. U.S. subscription retraining workers."

Second class.

M LAURENT FABIUS, the traditional hallmark of French youthful French Minister of Industry, is bracing himself for a particularly cool late winter jacket — M Fabius is always spell. By the side of his neat desk in his imposing ministeral office, logs are piled up in an unusually large number by the fireplace.

Traditional hallmark of French moderate socialists — a woollen pullover under his ministerial particularly cool late winter jacket — M Fabius is always ready to listen, whether to the Patronat or to M Georges Marchais, the Communist secretary general.

As a sign of some return of French industrial confidence, as well as the international recovery, he says." There are indications that investment is picking up this year in France." Indeed, the government statistics institute is now forecasting a 15 per cent rise in real terms in French investments this year, much of it due to nationalised industries.

.M Chevenement's relations tries were always prickly. He had an irritating habit of announcing major restructur-ing decisions before they were finalised and of sending his officials to interfere with nationalised groups. M Fabius, like many of the state industry chairmen, values discretion "Fabius never announces a decision unless it is firm," says one official.

#### Vital to strategy

The nationalised groups are vital to the modernisation strategy. "France," explains M Fabius, "can only achieve a good growth performance if it has a healthy industrial frame-work. France is the fifth industrial power in the world. But there is much to be done to create a leading modern industrial structure. That is one of the reasons why the economic stimulus in 1981-82 had difficulties in producing lasting effects-because it sucked in

imports. After huge losses in 1982, the state-owned industrial groups—apart from steel and coal—are recovering. "The goal that the nationalised groups should return to equilibrium by 1985 seems realistic. Pechiney and Rhone Poulenc, for instance, are making a spectacular

M Fabius adds: "I think we have good heads of nationalised industries. The idea is to have a moral contract with them. They have signed their planning contracts. It's flieir job to meet the targets. If they don't, they must expect consequences. But I don't have the competences. But I don't have the competence, time nor capacity to follow every detail. I believe giving people room to manage."

For all his deceptively easygoing manner and his discoverable of a districted anymorable the going manner and me the value of a dirigiste approach (he even claims he is not really sure what the word means). M Fabius can intervene with ruthlessness when necessary. M lessness when necessary. M. Albin Chalandon, the Gaullist baron formerly in charge of the state-controlled Elf-Aquitaine oil group, felt the Fabius steel last summer when he was forced outof his job in a row over the restructuring of the

chemicals industry.
In his previous job as budget minister, M Fabius was the man who brought charges on allegations of exchange control irregu-

social disruption and taking in account the importance of retraining workers."

Despite the controversies of recent weeks. M Fabius displays confidence. A mild mannered man dressed in the social disruption and taking in account the importance of nublished daily extent Sundays and holidays. U.S. substruction rates \$42.00 per annum. Second class possings paid at New York NY and additional mailtag offices. POST:

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## SAVINGS 🚄 National Savings Deposit

DESCRIPTION	INOSIECIU	J.
	Deposit Bonds Thunds to	31

ire Covernment securities issued I reational savings begins norms in mass are soverment securities south by the Treasure under the National Loans Act 1968. They are registered on the National Savings Stock Register and are subject to the Standard Regulations relating to the National Savings Stock Register for the time being in force so tar as these are applicable. The principal of and interest on, bonds are a charge with Nile and Loan Loan. on the National Loans Fund. PURCHASE

PLOW, FLOSE
2.1 Subject to a minimum purchase of £500 (see paragraph \$7 a purchase may be made in multiples of £50. The date of purchase will for all purposes be the date payment is received with a completed application form, at the National Savings Deposit Fund Office a Post Office transacting National Savings Bank. Savings Deposit raind a line a rose or once transacting state and seams some humanes or such other place as the Direction of Savings may specify 2.2 A certalizate will be rosted in respect of each purchase. This certificate will show the value of the bond and its date of purchase. This certificate will be replaced on each ammersary of the date of purchase and on part reparament in accordance with paragraph 5.2, by a new certificate showing the updated value.

MAXIMUM AND MINIMUM HOLDING LIMITS 21 No person may hold, either solely or pantly with any other person, less than £500 in any one bond or more than £50000 in one or more bonds. The maximum holding limit will not prevent the capitalisation of interest under

maximum meaning time with not prevent the captain-anist of interest under paragraph 4.5 but capitalised microst will count towards this limit it the holder wishes to purchase another bond. Bonds inherited from a deceased holder and interest on such bonds will not count towards the maximum limit. Bonds held by a person as trustee will not count towards the maximum which he may hold. as trustee of a separate lund or which he or the benticiary may hold in a 3.2 The Treasury may vary the maximum and minimum holding limits to an

time to time upon giving notice but such a variation will not presided as right enasted by a bond holder immediately before the variation in respect of a bond then held by him

4.1 Interest will be calculated on a day to day by as from the date of purchase up to the date of repayment. Subject to purphash 4.2 interest on a bond will be payable at a rate determined by the Treasury, which may be varied upon giving as weeks natice 4.2 The rate of interest on a band or part of a band repaid before the first anniversary of the date of purchase will be half the rate determined by the

Resours in accordance with paragraph 41 unless repayment is made in the death of the sole hand holder 4.3 Interest on a bond will be capitalised on each anniversary of the date of purchase without deduction of income tax, but interest is subject to income

tax and must be included in any return of income made to the Inland Revenue n respect of the year in which it is capitalised. REPAYMENT

REPAIMENT
51 A holder must give three calendar months notice of any application for repayment before redemption but no prior notice is required if application is made in the death of the sole by and holder Any application for repayment of a bond must be made in writing to the National Sevings Deposit Bond Office and be accompanied by the current investment certalicate. The period of notice will be calculated from the date on which the application is received in the National Sevings Deposit Bond Office.
52 Application may be made in accordance with paragraph 51 for repayment of part of a bond inclinding capitalised interest, but the amount to be repaid must not be less than £90 or such other figure as the Treasury may determine from time to time upon giving notice. The balance of the bond remaining after repayment, cocluding interest which has not been capitalised, must be not less than the minimum holding limit which was in force at the date of application. Where part of a bond has been repaid a new certificate will be result and the remaining balance will be treated as having the same date of purchase as the original bond.
53 Payments will be made by crossed warrant sent by post For the purpose

partnace as the original condu-53 Payments will be made by amoved warrant sent by post. For the purpose of determining the amount payable in respect of a bond the date of repayment will be treated as the date on the warrant. 54 No payment will be made in respect of a bond held by a minor under the age of seven years, either solely or tondly with any other person, except with

the consent of the Director of Savings. TRANSFERS savings. The Director of Savings will for example, normally give consent in the case of devolution of bonds on the death of a holder but not to any propassed transfer which is by with oil sale of for any consideration

NOTICE The Treatury will give any notice required under paragraph 32, 4152 and 8 in the Lundon Edinburgh and Bellast Cazettes of in any manner which they think to It minice is given otherwise than in the Cazettes, it will as soon as resembly examine thereafter be recorded in them. CHARANTEED LIFE OF BONDS

8 Lach band may be held for a guaranteed initial period of 10 years from the surchase date. Thereafter interest will continue to be payable in accordance ith paragraphs 41 and 45 until the redemption of the bond. The bond may be redeemed either as the end of the guaranteed minal period or on any date thereafter in either case upon the giving of so, noriths routice by the Treasury.

The Unrecover of Savings will write to the holder bettine redemporin, at his last recorded address inturming him of the date of redemption

We accept the terms of the schedule to the s		Note Minimum purchase N Est Madmum hokking Est (1900) All purchases must be in multiples of Est
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NATIONAL SAVINGS DEPOSIT BOND—Application to purchase

## **EUROPEAN NEWS**

BY RUPERT CORNWELL IN BONN

A PLANNED deal for the pro-

duction of Volkswagen car engines in East Germany has

been warmly welcomed here. both as a political symbol, and

for the economic advantages it offers both countries.

be signed this summer, according to the West German com-

pany. It should run from 1988 to 1993, although VW is hop-ing it will provide the basis for

even longer-term co-operation.

wagen to supply equipment for a full-scale engine assembly

The deal provides for Volks-

The agreement is expected to

CAR ENGINES TO BE BUILT IN EAST GERMANY

## Hard bargaining is expected on aid to ACP countries

BY IVO DAWNAY IN BRUSSELS

TALKS AIMED at renewing a pients to respect human rights. third trade and aid pact between yesterday with both sides governed by notorious dictator striking a notably conciliatory ships.
tone after tough exchanges M Pisani's remorks brought a

The current two-day session principle of national in Brussels is faced, however, sovereignty. with a series of hard bargaining essions over the criteria for EEC aid donations which totalled about \$5.5bn (£3.9bn) over the last five-year agree-

Earlier in the week, M Edgard said. Pisant, the EEC's development Despite this exchange, M commissioner, told journalists Claude Cheysson, the French that some member states might president of the EEC's foreign be reluctant to support the treaty if the 64 ACP countries failed to enter a new "policy dialogue" on how funds are

He added that there is also pressure for the inclusion of faced by c an article requiring aid reci-economies.

This latter demand follows the African, Caribbean and wide spread embarrassment Pacific (ACP) countries and the among EEC countries at having European Community opened to continue aid to countries

carher in the week.

It is hoped that the new ministerial-level negotiations dent, who warned that the will clear the way to a new developing countries would not Lome Convention for ratifica-tion by next February.

developing countries would not accept aid if conditions were attached which breached the

attached which breached the principle of national sovereignty.

"There is a mutual benefit from the relationship between the ACP and the EEC, and an agreement must be reached on the basis of complete equality between the two narties."

In conditions were a full-scale engine assembly line, capable of producing about 300,000 units per year, as well as light vans. Of these, 2,000 will be shipped to East Germany upon formal signature of the contract, and a further 2,300 annually for the five-year life of the agreement. from the relationship between the ACP and the EEC, and an between the two parties," he

Despite this exchange. M ministers' council, emphasised in his keynote speech yesterday that the Community acknowledged the principle of inter dependence, recognising the "desperately serious" situation

HERR GERT BASTIAN, a former tank general and a leading figure in the West German "peace movement." yesterday quit the parliamentary party of the Greens in the most serious setback for the young party since it entered the Bundestag last March, writes James Buchan.

Herr Bastian (59), who has repeatedly criticised the chaos

Double benefit seen in VW deal

and inefficiency of the Greens parliamentary party, will now sit as an independent. Should he be followed by two other deputies from the disgruntled group, the Greens will lose their privileges as parliamentary party and face political and financial

Herr Bastian, a man of great authority for the Greens' 2m voters, demanded last month that professionals be brought in to replace some of the group's "backers-up," who are supposed to take over from the 28 deputies halfway through the Parliament under the Draconian insistence of party congresses. "It's tragic," said one member of the group yesterday. "Green retired generals are few and far between."

The new plant, whose site of these models.

upon formal signature of the contract, and a further 2,300 annually for the five-year life of the agreement.

The total value of the deal is estimated here at around DM 600m (£150m). East Germany will not have to dig into its precious resources of hard currency, but make payment through engines it sends back to the West.

The new plant, whose site of these models.

The agreement of the agreement is a milestone on twis efforts to gain a solid in the 1-1.3 litre class. Of the footing in Eastern Europe. Retotal output, 100,000 will be cently, Renault and Citroen, orders to supply equipment or two precious resources of hard currency, but make payment through engines it sends back to the West.

The agreement of the agreement is a milestone of the agreement is a milestone on twis footing in Eastern Europe. Retotal output, 100,000 will be cently, Renault and Citroen, orders to supply equipment or production of a diesel lorry to power Wartburg and Trabant output, 100,000 will be available for production of a diesel lorry to power Wartburg and Trabant of the west.

The agreement.

The agreement.

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The total value of the deal output, 100,000 will be cently, Renault and Citroen, or the production of a diesel lorry to power Wartburg and Trabant of the contraction of the agreement.

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The agreement of the agreement of the agreement of the agreement of the surface of the agreement of the surface of the surface of the agreement of the agreement of the surface of the agreement of the surface of the agreement of the surface of the surface of the agreement of the surface of the agreement of the surface of the surface of the surface of the agreement of the surface of

The first contacts for the deal are reported to have taken place in summer 1982. But VW only won the contract after beating off competition from Renault and Mazda.

That it did so is also being hailed here as proof of the mutual interest of the two German states to work together, despite the present fraught state of East-West relations.

In recent days, there have heen conflicting pointers to the climate in East Germany, Some reports have claimed that the authorities there have clamped down further on contacts with relatives and friends in West

Others, however, suggest that Others, however, suggest that East Berlin is about to grant an exceptionally large number of exit visas for would-he migrants to the West. This has, in turn, been linked to new suggestions that East Germany is seeking further financial aid from West Germany - something Bonn insists should be conditional on

Greece may halt operation of U.S. bases BY ANDRIANA IERODIACONOU IN ATHENS

THE Greek Government of Mr Andreas Papandreou has officially warned the U.S. that it may

suspend the operation of the four American military bases in Greece if the Reagan Administration's fiscal 1985 aid pro-posals for Greece and Turkey are not amended in Greece's

The idea of suspending the base activities in reaction to the U.S. aid proposals was put Minister, in a hardline speech to Socialist Party officials this

partment envoy, who visited Athens this week on a tour of the region. Greece is protesting because the U.S. military aid figures of \$500m for Greece and \$755m for Turkey for 1985 do not conform to a 7-10 ratio in Greece's

lation specifying the need to maintain a balance of power in also been officially conveyed to Mr Monteagle Stearns, the U.S. ambassador to Athens and to the Aegean. The Papandreou Government

Mr Ed Derwinski, the State Desecured a reference to this amendment in the Defence and Economic Co-operation Agreement (Deca) signed in Athens last September. This ensured the operation of the U.S. bases for at least another five years.
The Americans have also un-

dertaken in the framework of the agreement to provide Greece with military credits favour. The U.S. Congress has applied this ratio informally since 1978, when an amendment (SMS) at repayment rates not national interests in an emer-

A Government spokesman was introduced in U.S. aid legis- granted to other allies.

Greece is accusing the U.S. of violating this agreement. Apart from the departure from the 7-10 ratio, the Greeks are disturbed by the Reagan Administration's proposals for the introduction of a concessionary SMS rate, to be granted a select list of allies. Turkey, but not Greece, is on the list.

Article Seven of the Greek-U.S. base agreement grants the Greek Government the right to take "appropriate restrictive measures" to safeguard Research and Technical Directors

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## Britain urges caution on emerging technology arms

MR GEOFFREY PATTIE, the which would involve the speedy British Minister of State purchase of a range of ET responsible for defence procure- weapon systems. British Minister of State responsible for defence procure-ment, yesterday made a strong

s leave

Estien

duction of so-called emerging technology (ET). In the first public speech on the subject by a British minister since it became an anuch new surveillance and communications equipment to important issue within the Nato alliance, he said that the use of ET for defence purposes was subject to very real constraints, both as to the extent of its use and the speed with which it should be introduced.

Emerging technology could provide one way of helping to reduce Nato's reliance of nuclear weapons by improving its conventional defence, Mr Pattie said.

But it could in no sense be considered a panacea. The new technologies were costly and posed serious problems for European industry in particular. Weapon systems based on them still needed much study to determine their technical feasibility and effectiveness.

THE EUROPEAN Commission has

produced more generous proposals to facilitate Greenland's withdrawal from the EEC, based on an annual

the Greenlanders' main income.

BY DAVID BUCKAN IN LONDON

sector of the Romanian economy.

Romanian petrochemical industry ister have been dismissed or disciplined 1980.

January 1 next year.

**New Greenland terms** 

"purchase" of fishing rights for Eu-shrimp, halibut and redfish would ropean Community boats in Green- be maintained at current levels, but

These negotiations have lasted anteed their full quotas before the for more than a year. Success or Community is entitled to its catch.

failure has hinged on the Communi-ty securing sufficient access for its earlier proposal of a ten-year fishermen - principally West Ger-framework agreement granting

man - to waters whose fish provide Greenland overseas country or ter-

The main point of the new programts and loans.

Romanian officials sacked

sualty of the blast at the Teleajen of the Teleajen plant.

Greenland wants to withdraw by fish products free access to the

SEVERAL SENIOR officials in the plant is Mr Gheorghe Caranfil, Min-

increased problems in this troubled mittee, which this week accused

ector of the Romanian economy. them of failing to ensure "condi-tions of full security" in the start-up

ment, yesterday made a strong plea for caution on the intro-duction of so-called emerging guided munitions, which could, for example, destroy a company of tanks 50 miles behind the

> communications equipment to make such weapons affective. Britain is one of several European countries which have privately urged caution within the Nato study group which was set up a year ago to look into the so-called Weinberger initiative on ET.

> But this is the first time that Britain's objections have been publicly stated. Mr Pattie was talking to a conference on emerging technologies and de-fence capabilities organised by

the Economist magazine.

Mr David Abshire, the U.S.

ambassador to Nato who was
also speaking at the conference, said that the transatlantic de-bate on ET was part of a much more profound debate over the continued viability of Nato strategy.

He believed that the strategy

Mr Pattie was careful not to

criticise overtly Mr Caspar of flexible response was still

Weinberger, the U.S. Defence
Secretary, who has been urging
Nato to agree a programme forces.

posal is the payment of Ecu 18.5m (\$15m) a year, in return for contin-

ued access for EEC fishermen for five years. Their catches of cod,

Greenland fishermen will be guar-

The Commission is maintaining

ritory status, which would allow its

Community and qualify it for some

ister of the Chemical Industry since

## date for **UK** deal

By Richard Johns in Oslo

the end of next week to negotiations between Statoil and the British Gas Corporation on the sale to the UK of gas from its Sleipner

in gas prices."

ter of State for Energy, at a private seminar this week.

that the other option being considered by his Government was the go-ahead for a second phase of the Gullfaks oilfield.

Mr Christiansen made no bones about his Government's concern to from fields presently being exploit-

# Oslo sets

NORWAY wants a conclusion by

In an interview in Oslo, Mr Kaare Christiansen, Minister of Oil and Energy, said that if the deal was not completed by February 20 the Government would have to submit a delopment plan promising an alternative source of revenue, by about 1990, to the Storting (parlia-

dence however, that agreement would be reached. "You never have solutions till the last round but one," he said, emphasising what he regarded as a common interest be tween Norway and the UK. "One faces a drastic revenue shortfall at the turn of the decade and the other prospect of an equally alarming fall

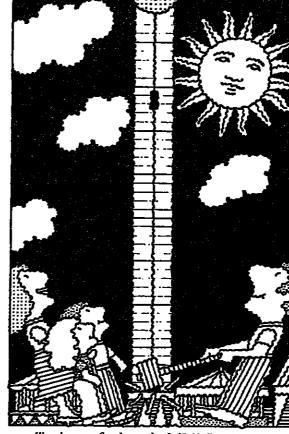
Mr Christiansen is to meet Mr Alick Buchannan-Smith, UK Minis-

The Norwegian Minister said

maintain oil and gas revenues early in the next decade when output

this week over a serious refinery explosion two months ago, which killed more than 100 people and has Bluff and brinkmanship have entered into the negotiations between the Government-owned Statoil and British-Gas. Previously an end-of-1983 deadline was set by the Norwe

# Sun Life: 346% up inten years and still rising



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CABINET TO DECIDE NEXT MOVE ON SUNDAY

## Israel may reassess 'wait and see' stance

BY DAVID LENNON IN TEL AVIV

THE FIRING of three Katyusha ations between Jerusalem and rockets into porthern Israel yesterday may force the Israeli Government to reassess its Government to reassess its earlier decision to wait and see before determining what action, if any, it should take in Lebanon, following the developments of last week,

The victories of the Moslem Shias in Beirut and the withdrawal of the U.S. marines are acknowledged as setbacks for Israel, but officials in Jerusalem said yesterday that it was still too early to assess the extent of the damage to its interests.

Because of this, the cabinet decided to postpone any decision until its regular cabinet meeting on Sunday. But the fact that rockets were fired into Israel yesterday, after one of the declared aims of the 1982 Israeli invasion was to prevent such attacks, may mean

Washington over developments in Beirut, but, according to the military officials, the U.S. only "half-heartedly" asked Israel if it would intervene if the situation in the Lebanese capital deteriorated drastically,

Until yesterday's rocket attack, Jerusalem had been refusing all appeals to come to the help of President Amin Gemayel, because it has abandoned its dream of creating a new order in Lebanon. Israel is now concentrating on finding ways of cutting its losses both politically and in terms of casualties being suffered by its soldiers.

Israel's goal is to find a way of reducing its military pre-sence in Lebanon, while at the same time ensuring that the south is not used again as a launching pad for terrorist attacks against northern Israel,



the Shia's have reduced the possibility of developing a friendly Moslem militia force in the south which would act in Iseral's interests in keeping out the Palestinian guerrillas.

The most realistic option

appears to be a limited withdrawal of Israeli forces, to align south of the Awali river possibly to the Zaharani River. This would reduce the area unuer Israeli occupation, and remove Israeli forces from Sidon, where they have suffered many casual-

forces in Lebanon.

It would also drastically reduce the number of Moslems under Israeli occupation and thus, perhaps, make it easier for Israel to build up friendly militia forces among the Christian communities, which could help keep out the Palestinian magnillar tinian guerrillas.

Of course, the big problem over any withdrawal is who would take over the areas evacuated and how to guarantee that they are no hostile to Israel. So far, Jerusalem does not have an answer to this question,

large extent, stillborn, and never ratified by President Gemayel, an abrogation of the treaty would be regarded as vet another failure of the disas-trous war in Lebanon. Because abrogation would re-

quire a decision by the Lebanese Parliament, some-thing which might be problematic, Israel is hoping that perhaps Syria will be content with a declaration by President Gemayel that it has been

Officials here accept the likelihood that, if President Gemayel is to remain in power, he will have to accept Syrian dictates and, in effect, become puppet of Damascus. Though unwelcome, it is a

less awful prospect for Jerusalem than the appoint-ment or election of a really hostile Lebanese figure as president, something which could turn Lebanon into a confrontation state for the first time. If this were to happen, Israel would be face to face Israel would be face to face with the realisation that in its foolhardy attempt to try to reorganise Lebanon by its military invasion in 1982, it may have, in fact, created a more dangerous neighbour than it had before sacrificing 567 of its soldiers.

Chinese Premier Zhao Ziyang is confident there will be a satisfactory outcome to the Sino-British talks on the future of Hong Kong, Australian Prime Minister Bob Hawke said, reports Reuter from Peking. Mr Hawke is on a six-day visit to China, primarily to discuss trade matters. with the realisation that in its foolhardy attempt to try to reorganise Lebanon by its military invasion in 1982, it

to contribute to a Beirut force

because of the experience of the U.S., French, Italian and

British troops.

It was a basic error in peace-

keeping operations to provide heavy firepower for the troops involved, he said. "When they are heavily armed, they tend to become a target and to become caught up in any fight-

ing. Once that has happened they are bound to be seen as

partisan by one side or the other, and that is precisely what has happened in Beirut."

The most hopeful sign that the UN might have a role to

Australia's seasonally adjusted unemployment rose to 9.5 per cent in January from 9.2 per cent in December and the same level in January a year ago, Reuter reports from Canberra. The Statistics Bureau said yesterday that preliminary figures put the number of jobless at 667,500 against a revised 649,200 in December.

SOUTH KOREA vesterday

offered to meet North Korean representatives for the first time in four years to give them its official response to the

North's offer for reunification talks. Reuter reports from Seoul. The Government said two officials would travel to the

border at Panmunjon today to deliver the message from Prime Minister Chin Iee-Chong to his newly appointed counterpart, Mr Kang Sung-San.

Burma's Supreme Court yes-tonday related an appeal

terday rejected an appeal against death sentences imposed

on two North Korean army officers for the October bomb

blasts which killed 21 people, including four South Korean Cabinet Ministers, Reuter

Chinese Premier Zhao Ziyang

reports from Rangoon.

Chinese optimistic

#### India death sentence

Mr Mawbool Butt, the Kashmir extremist leader whose release was demanded by the group who claimed responsibility for the murder of an Indian diplomat in Britain, will be executed in New Delhi jail on Saturday, Reuter reports. Mr Saturday, Reuter reports. Mr Saturday, Reuter reports. Mr semenced to death for the manual position which has head to death for the semenced to death for the semenced to death for the group sement of the group sements and controversial past.

Sultan MAHMOOD of Johore, The 52-year-old Sultan Mahmood is an independent the Malaysian Prime Minister, minded ruler, with a colourful and controversial past.

Observers feel Dr Mahathir may have great difficulties work in the first part of the semence of the semence of the group was the sultan was the sultan to the semence of the group was the group Saturday, Reuter reports, Mr. Butt is sentenced to death for the murder of an Indian intelligence officer.

ending the Iran-Iraq war, writes AP from Tokyo. Japanese Foreign Ministry officials said Iraq had also been asked to send its Foreign Minister.

#### S. Koreans Manila set to suffer offer to meet further delay in North over IMF credit approval unity move

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES application for an SDR 615m (£451m) standby credit from the Inter-national Monetary Fund (IMF). in the works for more than five months now, faces another major delay and may not be approved until May. The IMF, which last year, discovered an overstatement in

discovered an overstatement in the country's foreign exchange reserves, has again found inconsistencies in the central bank's money supply figure.

An IMF mission is currently reassessing the central bank's records and the review will form the basis of complete revision of conditions in the Letter of Intent submitted by the government last November.

the government last November. With revised base figures, the Letter of Intent, which will govern the IMF credit, will set new targets for credit growth,

public spending and the balance public spending and the balance of payments deficit.

The delay further pushes the Philippines into a debt trap, since only an approval of the IMF facility can help the government properly negotiate a rescheduling of some \$105m (57he) is foreign debt and for

(£7bn) in foreign debts and for the acquisition of about \$3bn in fresh funds from commercial and official sources.

The delays have exacerbated chronic shortage of foreign currency which is causing a virtual standstill in local industries which are heavily depen-dent on raw material imports. Since last month, numerous companies have been retrenching and shutting down opera-tions, throwing hundreds and thousands of Filipinos out of

The discovery of the inflated money supply came close on the heels of the foreign reserves controversy which led to the resignation of former central bank governor Jaime Laya and

Cardinal Jaime Sin yesterday accused President Ferdinand Marcos of using "candy and brass knuckles" to ensure his party would stay in power even if it lost its majority in the May parliamentary elections, AP reports from

Manila. The Roman Catholic leader, however, did not spare the opposition a fongue-lashing. He criticised them for being as "rigid and unbending" in their demand for Marcas to resign as the president is "inflexible" in his refusal to give them genuine political

the appointment of Mr Jose Fernandez, a private banker, to

Fernandez, a private banker, to the post.

In spite of the central bank's programme for tightening liquidity there has been a remarkable intrease in money supply, particularly in Novem-ber and December last year when the government was sup-posed to have been finalising austerity measures with IMF. austerity measures with IMF. The December money supply figures showed a 38.2 per cent increase over the same month

last year. Sycip Gorres Velayo (SGV), the accounting firm hired to audit the central bank's books, attributed the money supply rise to the emergency loans

## **Malaysian King elected**

ceremonial position which has now assumed political importance following last year's capable of ignoring official advice.

Malay Sultans and the Government.

He will a service feel Dr Mahathir may have great difficulties working with him as the Sultan is capable of ignoring official advice.

Sultan Mahmood was attimated to the service feel Dr Mahathir may have great difficulties working with him as the Sultan is capable of ignoring official advice.

ment.

He will take office as the eighth Yang Dipertuan Agong (King) on April 26, and will reign for five years.

Under the constitution, the nine Malay Sultans elect one among themselves to be the Malaysian King once every five years after pardoned by his father.

Sultan Mahmood was stripped of the title of Crown Prince of Johnson Prince of Latter, he was again made the heir, just days before his 84-year-old father died.

In 1978, he was convicted by the High Court on a charge of culpable homicide, but was soon after pardoned by his father.

after pardoned by his father.

## to decide on some immediate response. Israeli forces in southern Lebanon had already been put on the alert before the shelling, according to military officials. Warnings had also been issued by the government to hostile forces not to move against to decide on some immediate such as that of yesterday. The events of the past few considerably have considerably arrowed the options available. The events of the past few cision-making level in Israel over the impact of the marine over the May 17, 1983, agreement with the Lebanon ergue that it makes it more difficult for Israel to pull out, while others believe it and syrian troop withdrawal. prices not to move against move south to take over I; sents an opportunity to with agreement and long demands draw without being accused of that it be abrogated. There are continuous consult Similarly, the successes of abandoning the U.S. ground Even though it was, to a Lebanese Unifil force eyes Beirut peacekeeping vacuum Australia jobless

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

IT IS not easy to overlook armed men in Lebanon, but there is an almost forgotten group of 5,310 soldiers whose role could become increasingly important during the coming

The group consists of 624 Fijians, 531 Finns, 926 French (to be joined soon by another 500), 741 Ghanaians, 732 Irish, 40 Italians, 164 Dutch, 849 Northerical Economics 1620 Figure 1630 wegians, 560 Senegalese and 143 Swedes — the UN Interim Force in Lebanon, or Unifil.

These soldiers took up their positions south of the Litani River in Southern Lebanon following the Israeli invasion of March 1978. That invasion, known as the Litani operation. was aimed at pushing Palestinian guerrillas out of artillery and rocket range of Northern Israel

Unifil's mandate was to pro-

EIGHT soldiers from the United Nations peacekeeping force in South Lebanon were fired on by members of the Israeli-backed Lebanese horder militia, the UN said yester-day, AP reports from Tel Aviv.

Mr Timur Goksel said the soldiers, members of the Ghanalan contingent of the UN Interim Force in Lebanon (Unifil), returned fire, wounding one militiaman and capturing two others in the clash.

With Israel deeply concerned

to the Israeli army," he said.

He said the incident occurred two miles east of Shaqra inside the border enclave patrolled by militiamen from the force of the

narrow strip of land along its ment of a new or expanded UN presence in the area.

UN officials in New York are proud of the achievements of When Israel again invaded Lebanon in June, 1982, its armour and troops advanced Unifil, despite bitter criticism of the force from Israel before straight through Unifil's posistraight through Unini's positions. Apart from one or two
bravely futile efforts by UN
believe that Israel is better
troops to remonstrate with the
Israeli army, Unifil did not put
up any resistance and has remained for the past 20 months
behind Israeli lines.

of the force from Israel before
the 1982 invasion. They now
believe that Israel is better
placed to appreciate Unifil's success in preventing Palestinian
guerrilla infiltration, achieved
with a minimum of force. Palestinian and Left-wing Moslem tinian and Left-wing Moslem guerrillas were in the end re-

that it could soon again play an effective role. This is based on the understanding that Israel is anxious to withdraw from the town of Sidon and re-establish its southern defensive line on the Zahrani rather than the Awali river. This could present

"The two men detained admitted they were

with the Israeli-sponsored militia and said they wanted to hijack the soldiers' UN Jeep. The two were later handed over to the Israeli army, and Unifil protested about the incident

late Maj. Saad Haddad,

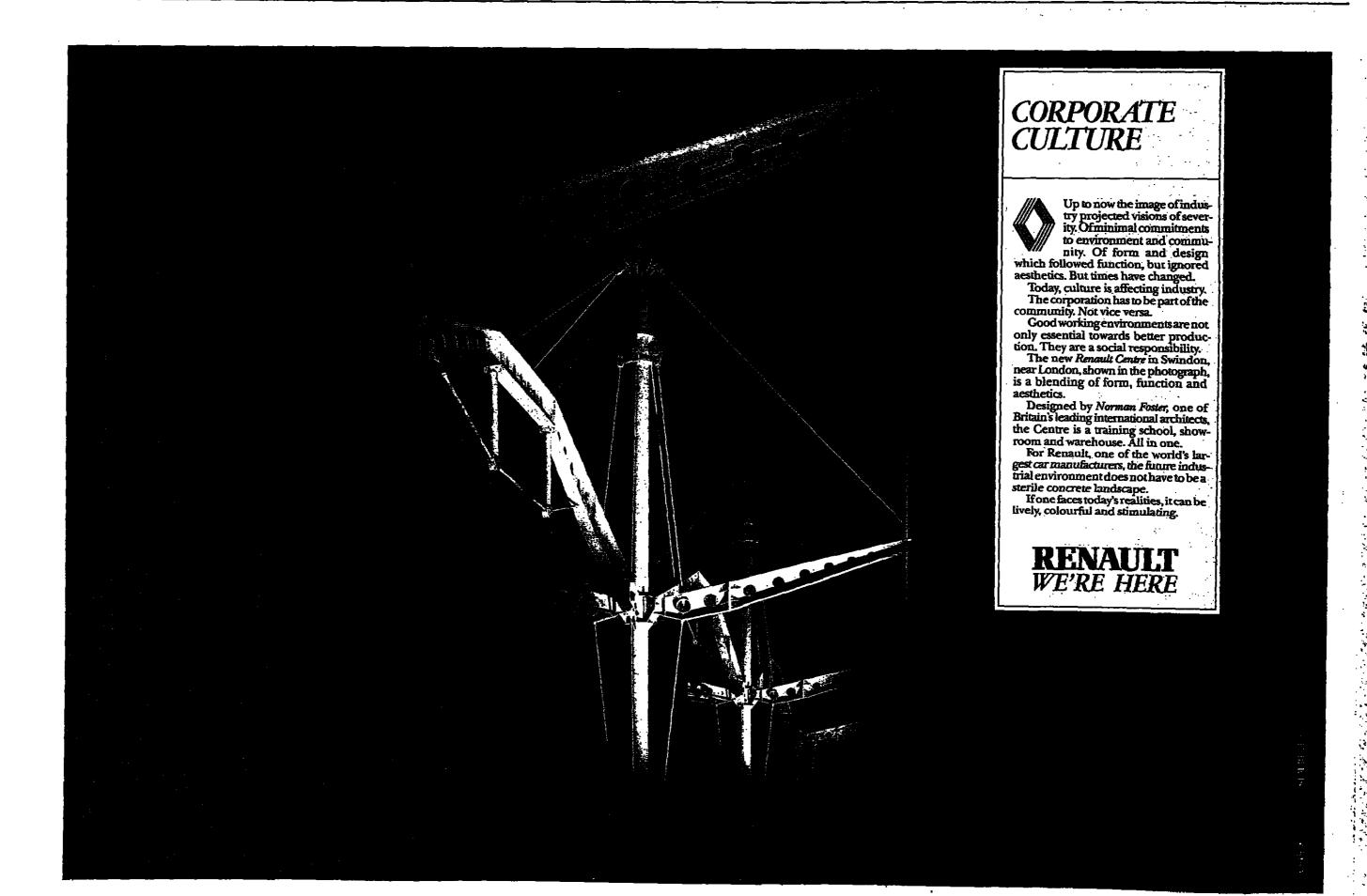
Unifil's mandate was to provide a buffer between the opposing forces, although it was unable to undertake its full anticinate role because Israel interposed the force of the late Major Sa'ad Haddad, a renegade Lebanense army officer, on a with Israel deeply concerned guerrillas were in the end reduced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either duced to using hang gliders and but the possibility of either a new mandate for Unifil, which a new mandate for Unifil, which a new mandate for Unifil, officials in New York recalled last week.

The Unifil mandate comes up to be deployed and allow it to be deployed and and the planned and the plann

play in the Beirut area came late last month from Mr Farouk al-Shara, the Syrian Minister of State for Foreign an opportunity for part of Unifil to move northwards and revert to its original task.

There is far greater scepti-would not reject in advance cism in New York, however, the possible deployment of UN about the possibility of either a new mandate for Unifil, which

### Affairs. He said during an interview in Damascus that Syria Iran-Iraq peace move troops. "We might consider it, although of course it has not Iran has agreed to send Foreign Minister Ali-Akbar Velayati to Japan for talks on



elected

# **Pprova**

# Hong Kong aims to sell and survive in quality markets

garment business in 1959 with a tiny factory producing cheap roll-neck sweaters and cardigans. Output in the early years averaged 3,000 pieces a

Today, his Milo's group, located in modern 12-storey premises in the outlying Kwai Chung area, embraces not only the original knitwear business

FRANK LIN has gone upmarket and is winning: the rest of Hong Kong would like to do the same. His declaration that "quality is now the name of the game" is now repeated almost constantly throughout the Lin, 42, is diminutive and greying but bursting with energy. He started his family garment business in 1959 with

coping with rising protectionism abroad and rising costs at home.

Two actions in the past forting his how the seriousness of the protectionist problem.

Hong Kong currently is in disput with France over shipments of quartz watches, and is unhappy with a U.S. move to restrain textile imports from the territory as well as Taiwan, South Korea and Macao.

While traditional products still the territory as well as Taiwan, South Korea and Macao.

Because almost 85 per cent of all Hong Kong's manufacturing is for export, rising trade figures indicate however that

Hong Kong currently is in disput with France over shipments of quartz watches, and is unhappy with a U.S. move to restrain textile imports from the territory as well as Taiwan, South Korea and Macao.

While unable to compete to the design and its ability to meet that continuing ability to import the quality of its goods, growth would have been less than it was preducted 10 years ago that it was preductive. Francis Tien, a leading manufacture, recalls that it was preductive, it was preductive, recalls that it was preductive, it was preductive, recalls that it was preductive, and the full year figures are availiable.

Francis Tien, a leading manufacture, recalls that it was preductive, and the full year figures are availiable.

Francis Tien, a leading manufacture, recalls that it was preductive, and the full year figures are availiable.

Francis Tien, a leading manufacture in the fourties, the full the full year figures are availiable.

quickly changing demand especially in electronics and years, turnover has been inshould continue to boost textiles, is offsetting political creased 20-fold. Eleap is now exports, according to a report jitters. Increased industrial inspectations by the Banque Nationale de vestment must be forthcoming. Yung's strategy is to serve

by the Banque Nationale de Paris. Future growth would depend on a continued ability to further upgrade product quality, the report said.

To continue to expand upmarket—to find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a Fong one who is planning to intert the find as a fong of the forthcoming are planting at a tracegor is to serve what he expects will be a big expansion in locally-produced computers, in addition to export the first the find as a fong of the first the fir

## **Exports to** U.S. up by 40% last year

By Our Hong Kong

HONG KONG'S exports to the U.S. leaped 40 per cent in 1983, consolidating the U.S. position as the terri-tory's largest overseas market, and supporting a 26 per cent rise in Hong Kong's total domestic exports.

Hong Kong's total trade for 1983 was valued at HK\$336bn (£30bn) according to Government figures published yester-day—a rise of 24 per cent over

Domestic exports rose 26 per cent to \$104bn. Imports rose 23 per cent to HK\$175bn. Reexports rose 27 per cent to HK\$56bn.

The trade figures confirm perceptions of 1983 as an outstanding year for Hong Kong's exports, following a recessionary 1982.

## which now produces medium-tohigh-range products, but also cotton garment and dye factories, one subsidairy to deal Because almost 85 per cent of all Hong Kong's manufacturing is for export, rising trade factories, one subsidairy to deal Because almost 85 per cent moving increasingly into areas such as machinery manufacturing and high-tech electronics. While unable to compete France making 'big effort' to liberalise import controls on some goods

Kong-made quartz watches.

France is counter-arguing umbrellas, radios, microscopes.

that watches are only one of several categories of Hong textiles.

FRANCE is making a "big effort" to liberalise the imports controls which it imposes on some categories of Hong Kong goods, a French consular official said in Hong Kong yesterday.

Hong Kong watchmakers have been angered this week by a tightening of existing French quotas on imports of Hong Kong made quartz watches.

France is counter-arguing with the constant of the watches into the countries watches into the countries.

France is making a "big kong goods which have been imports of subjected to quota restrictions, and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches simports of those quotas watches imports of hose quotas watches imports of those quotas watches imports of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of and that most of those quotas watches imports of those quotas of those

## South African coal finds way to Sweden

BY GERARD McLOSKEY

SWEDEN is importing substantial volumes of South African ported from Poland. The comcoal although trade with the pany expressed surprise that country is officially banned. The Starachowice had sailed from Amsterdam, as shipments Sweden in vessels from Poland which has no formal trade links with South Africa and which considers Sweden as a prime market for its own coal.

ported in the first 10 months of 1983 out of a total of 2,183,377 tounes in coal imports.

But inquiries in Poland.

Sweden, the Netherlands and

London indicate that the major Swedish cement and construc-Swedish cement and construc-tion company. Cementa AB, im-ported two shipments of 3,282 spring last year, however. In tonnes and 3,920 tonnes of South African coal which pressive 192m tonnes of coal, harrived in Malmo at the end of having slipped below 170m March and the beginning of tonnes in 1982. March and the beginning of April last year. The supplier of the coal, Sheli Coal International, said that

these were two of seven ship-ments it supplied to Sweden last year totalling 17.000 Two of the Shell shipments arrived in Polish ships. In War-saw, an official of the Foreign Trade Ministry said that Poland petther had a foreign trade relationship with South Africa nor was any such link planned. The shipping company Zegluga Polska Spolka Akcyjna

of Szczecin, which owns one of the vessels involved, the Starechowice, expresed surprise about the shipment. "We do not break any Polish laws," said official.

Poland has long considered Sweden its top steam coal show the cargo as South African market. Cementa AB said that coal and are accompanied by an coal imports, totalling

from Amsterdam, as shipments normally come from Poland. The buyer of the coal on Cementa's behalf, a Malmobased company, called AB Supply, admitted however that According to the Swedish statistical bureau 2,097 tonnes of South African coal were important to the South African on the Dutch spot market because there was a severe shortage of Polish coal following the intro-duction of martial law in Poland.

Martial law was introduced in December 1981 and the initial disruptions to coal supply

AB Supply claimed that Cementa officials knew the coal was South African. It said that despite the boycott, the Swedish Government has tended to look the other way, because of the large sale of Swedish goods in South Africa. But the Swedish Foreign Ministry confirmed that the

boycott was far stronger than a "gentleman's agreement." Shell points out that the shipments are not illegal, as the boycott is not yet legally en-forceable. Shell says no excep-tional regulations apply to Sweden.

Even a certificate of origin is not suplied unless specifically requested by the client. It says its shipping documents clearly analysis certificate.

## Talks on Brazil steel export curb next week

By Andrew Whitley In Rio de Janeiro

HIGH-LEVEL talks on curbing Brazilian steel exports to the U.S. are to begin in Washington 

to cover flat steel products, to cover flat steel products, which last year represented two-thirds of the estimated \$400m (£285m)-worth of steel which Brazil sold to the U.S., its largest customer. The proposed curb will be limited to 1984 exports.

Brazil is anxious to reach a selectory agreement remidly as

voluntary agreement rapidly, as the U.S. International Trade Commission is due to reach a final decision next month on preliminary findings that most Brazilian steel products are heavily subsidised. Import deposits of up to 100 per cent are already in force.

Press reports yesterday said that Brazil was prepared to reduce its total tonnage sold to the U.S. from last year's 900,000

tonnes to nearer 400,000.

Sr Joso Camilo Penna,
Industry and Commerce Minister, welcomed the U.S. acceptance of Brazil's proposal to set quotas on its steel exports-in return for the dropping of anti-dumping suits and those surtaxes already applied—as "an important step towards the solution of the problem."

Giving a ne wtwist to the tutual Brazilian arguments towards unhappy foreign competitors concerned about its growin gateel exports, the Brazilian minister said its steel shipments to the U.S. should be considered as an intermediate product whose low costs helped to improve the productivity of U.S.

#### Taiwan £13.6m boiler order goes to Dutch

By Waiter Ellis in Amsterdam

TAIWAN HAS placed an order for two boilers, worth Fl 60m (£13.6m) with the Dutch ship-yard, De Schelde. The boilers will be used in an electricity generating station now under

At the same time, Peking has et it be known that it would like KLM, the Dutch national airline, to begin scheduled flights between the Netherlands and China. Its one condition is that KLM abandons its existing service between Amsterdam and Taipei.

In December, the Govern ment in The Hague refused to permit the Wilton-Fijennord shipyard to accept a follow-up order from Taiwan for two sub marines, Later, the Govern-ment announced that it had banned all arms exports to Taiwan.

As a result of these decisions Peking agreed to restore full diplomatic relations with the Netherlands, broken off in 1981 following an earlier submarines order.

Taipei was angered by what happened and called off several trade missions which had been expected to come to the Nether lands this year. Nevertheless, as the latest boilers order shows, Taiwan is anxious not to ban trade with the Dutch, who, via KLM, currently provide their only scheduled air link with Europe.

Peking has meanwhile informed The Hague that Dutch companies may win contracts in a number of areas, including agriculture, horticulture, landreclamation and dredging, telecommunications and the improv ing of harbours and industry.

been France has limited direct imports of Hong Kong quartz watches since October 1981. On the European Commission decided to permits france to clamp down on Hong Kong quartz watches entering and the figure as "improbably large."

The effect of the decision is taking in watches and clocks are france to clamp down on Hong Kong quartz watches entering and the same as that the largest market in 1983.

The effect of the decision is taking in watches and clocks are france to clamp down on Hong Kong quartz watches entering be grouped together under a countries, france from other EEC countries, of the watches have flooded into the country already this es of the watches have flooded into the country already this es of year from other EEC countries, but many officials here regard in the world's largest watch in 1983.

The effect of the decision is taking in watches and clocks worth HK\$118m. The current France was its imposed in 1983.

The effect of the decision is taking in watches and clocks worth HK\$118m. The current French brandy in the territory. The campaign appears, however, to have had appears, however, to have feil to HK\$147m (£13.2m) in facturers' Association set up a special committee in 1982 to the territory. The early strategies was to fight the French quotas. One of the early strategies was to entire the early strategies was to entire the early strategies was to the early strategies was to the early strategies was to en

# 3pot the thief.



The short answer is, you can't.

One solution might be to laminate a photograph of the holder into the card. about to commit fraud.

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We're spending £1 million a day on a better tomorrow.





BY PETER MONTAGNON, FUROMARKETS CORRESPONDENT

PERU HAS become the third However, following the signing Latin American country after of a new letter of intent to the

scheduling which also matures after only eight years.

The package, now being sent to all the country's 300 creditor step in assisting Peru overcome banks for their approval, also includes the extension of about we expect the new financing banks for their approval, also includes the extension of about we expect the new number 1880m in short term debt until plan to be well received by the international banking com-

## Mexico consumer | Ecuador call for better debt terms

LATIN AMERICA'S call for a

debt will be the subject of talks later this month between Mrs

Margaret Thatcher, the British Prime Minister and Sir Geof-

frey Howe, the Foreign and Commonwealth Secretary, and

Dr Luis Valencia Rodriguez, the Ecuadorean Foreign Minis

Dr Valencia will be seeking to impress on Western govern-ments the strength of Latin

America intention, formulated at the regional economic sum-

mit which took place in Quito, the Ecuadorean capital last month, of limiting debt service payments to terms which would

not jeopardise the region's

President Osvaldo Hurtado of Ecuador was a leading

organiser of the Quito summit

growth prospects.

By Hugh O'Shaughnessy

By William Chislett in Mexico City

price index up

MEXICO's consumer price index rose 6.4 per cent in January, raising doubts about whether the Government will be able to reduce the rate of inflation this year to its target of 40 per cent after 80.8 per cent last year.

The main factors behind the January rise were the new higher minimum wage and in-creased electricity prices.

Senior government economists insist, however, that the target of 40 per cent is still

Controlling inflation remains the Government's priority this year. Officials are aware that if inflation rises higher than 45 per cent this year then the peso will have to be depreciated at a quicker rate than at present.

Mexico and Brazil to negotiate Fund last week, the Advisory better terms from its bankers Committee of creditor banks, for financing its 1984 debt chaired by Citibank, has recomneeds.

As part of a package totalling nearly \$2.6bn (£1.9bn), it aims to reschedule about \$1.5bn in medium term debts falling due this year and next. The debts will be repaid after nine years and the proposed rescheduling carries a margin of 1½ per cent over curodollar rates or 1½ per cent over U.S. prime.

These rates are a full half per centage point lower than those applied to last year's rescheduling which also matures

mended that \$100m be made available as soon as possible.

The new programme will provide SDR 250m in IMF finance for Peru, but it is not seeking any additional loans from its banks this year. Sr Carlos Rodriguez-Pastor, Finance Minister, said this reflects balance of payments deficit by nearly half last year. The current account shortfall fell to \$882m from \$1.6bn.

Mr William Rhodes, Senior Vice-President of Citibank, said

ing \$200m of the new money loan arranged for Peru by the banks last year.

The easier terms on the rescheduling also include the renegotiation fee which has been banks last year.

Disbursement of this money had been blocked because of Peru's failure to meet the targets set out in its International Monetary Fund programme.

Scheduling also include the renegotiation fee which has been cut to 1 per cent from 11 per cent, while the grace period before repayments begin has been extended from three years to five.

> Local fringe benefits, howreduction of the servicing costs of its \$310bn (£221bn) foreign

> > Longshoremen in New York, which concentrates heavily on container traffic, have agreed to this deal to make the port more competi-

But in both Boston and Philadelphia, local talks have broken down on the issue of the guaranteed annual in-

on working in the rain. But Mr Thomas Gleason, president of the International

## split over U.S. wage

proposals

A NEW three-year wage deal for U.S. east coast ports met a mixed response from dock-workers yesterday as all-out strikes were called in Boston, Baltimore and Philadephia.

The walkout in three ports The walkout in three ports came in sharp contrast to the acceptance of the contract in New York, the country's largest port, and in other smaller ports, including Jacksonville, Florida.

Talks were still continuing yesterday to try to resolve outstanding issues at both New Orleans and Pensacola,

The difference between the ports arises from a number of local disputes which have blown up over issues not dealt with by the master con-

Under the global package, which had been tentatively agreed for some time, 59,000 dockworkers in 36 Atlantic dockworkers in 36 Atlantic and Gulf Coast ports are to receive increases of \$1 an hour to take their hourly rate this year to \$15, with an additional \$1 an hour in the second and third years of the

ever, were left out of this agreement. New York, for example, which is by far the most expensive port in which to operate, wanted to trim increases in various addi-tional henefits, including its annual increase guarantees for workers displaced by containerisation and automation.

In Baltimore, the crunch

Longshoremen's Association, said yesterday that these local issues could be swiftly re-

Peru improves terms | Dockworkers | The face of Canadian politics may be about to change, reports Nicholas Hirst in Toronto

## Crusader Trudeau considers his future

Trudeau, the Prime Minister, ful overtures, dismissed by the Hardly a day goes by now with-out rumours of his intentions either to resign or to stay on as the longest-serving Western leader.

At 64, Mr Trudeau still wears rose in his buttonhole and

He has already retired once, after the former leader of the Progressive Conservative Party, Mr Joe Clark, won the 1979 election and ruled as a minority government, only to return to lead the Liberals to victory following the defeat of the Clark Government six months later Government six months later.

Mr Trudeau has said he does not intend to fight again, but the election to the House of Commons last summer of the Conservative leader. Mr Brian Mulroney, a 44-year-old businessman who had never before held public office, has apparently reinvigorated him.

He is once again en joying himself in the cut and thrust of parliamentary debate and has been giving some of his best performances. Before Christmas he launched on a crusade for peace around the world, appealing for a new climate of "political energy". cal energy" to lessen tensions between the superpowers.

His aims were modest. He wanted to change the "trend line away confrontation tary party is that Mr Trudeau between the superpowers and back to dialogue. After meeting President Ronald Reagan the Liberals with few seats out-

CANADIAN politics are again in Washington, Mr Trudeau dominated by speculation over claimed he had done that. Mr the future of Mr Pierre Reagan has since made peace-Russians, but the meetings at the Stockholm disarmament conference have led to an agree-ment at least to restart talks

on troop reductions in Europe.

The peace initialize is being portrayed inside Canada as a sign that Mr Trudeau will resign. a rose in his buttonnoise and remains unpredictable. First elected as Prime Minister in 1968, he was in power when Mr Harold Wilson was at Number Senator Michael Pitfield, until less was the effective head of 10 and President Lyndon John-son in the White House. last year the effective head of the civil service and a long-"Only a man who was leaving would have undertaken this mission." indicating that the risk of failure was otherwise

too high.

The initiative has had little impact on the fortunes of the Liberal Party. Opinion polls show Canadians liked the idea, hut still do not approve of Mr Trudeau. The party's standing showed a minor improvement in the last Gallup poll gaining 30 per cent support, but still languishes far behind Mr Mul-roney's Tories with 53 per cent.

Mr Trudeau's advisers at one time were presenting him with two reasons to stay: that (despite his present unpopularity he was the best leader the Liberals had, and that if the Liberals were to lose the next election, it would be better to give a new leader a clear run for the next time.

That kind of advice is heard less and less. The growing feeling within the parliamentary party is that Mr Trudeau

side its stronghold of Quebec, where it now holds all but one

will follow that,

If Mr Trudeau resigns, the

Liberals will have to hold a leadership convention, and the longer the Prime Minister leaves it, the less time there to work himself into the job.

already been brought forward to February 15 from the usual April, freeing the political timetable for a possible convention in the spring. If there is to be a new Liberal leader. My John Turper, the forman Finance Minister the former Finance Minister who has been out of parliamen-tary politics since 1975, still seems the most likely candi-

Even in Quebec, the Liberals are under threat. Mr Mulroney is a native Quebecker and speaks fluent French. The Con-servatives are hopeful of taking some seats and the provincial separatist Parti Quebecois has

formed a new party to fight the next federal election. Time to make a decision is running out. An election must be held by early 1985, but Canadian governments rarely hang on until the last minute.
The Pope is due to make a tenday visit in mid-September, and
the betting is that the election

is both for a leadership cam-paign, and for the new leader This year's Budget date has

Trudeau . . . in league with Reagan on peace.

ever, that the attention a still expect him leadership campaign would bring could revive the Liberals' run its course, fortunes and make victory more

H he does likely. But at the moment this looks a long shot and time is

running out. Mr Trudeau has returned from presenting his peace pro-posals to East European leaders and said that he would now consider both the future of the initiative and his own future. He stressed that one would not necessarily be dependent on the other, but they are clearly linked.

In Parliament yesterday, he He speaks French, important indicated there were still steps for the Quebec vote, and has to be taken to further the peace strong links to Western Canada, initiative. "My own personal

and spend a period in opposition. It now seems that he is. Andropov. However, most poli-Some observers believe, howstill expect him to resign soon. may feel that his initiative has

If he does announce his resignation, he will stay on as Prime Minister until a new Liberal leader is chosen, which would leave him free to go with his peace crusade for some months. When he presented his peace proposals at the UN to Mr Javier Peres de Cuellar, its Secretary General, there were hints that there could be a job for Mr Trudeau as an international emissary for peace at the

Any suggestion that Mr Peres de Cuellar had offered such a position was denied by officials but the idea that Mr Trudeau strong links to Western Canada, initiative. "My own personal out the idea that Mr Trudrau the Liberals' weakest area. Mr contribution, though necessarily could be looking for a new job, less intensive than in recent particularly one which would as Prime Minister in waiting months, will definitely contained the Liberal leader in the same months, will definitely contained the last initiative of the suggestion that soon wanted to go to Moscow to Mr Trudeau will retire from lead the Liberals into defeat

## Haitian army put on alert for weekend elections

BY ROBERT GRAHAM

THE HAITIAN army has been Claude Duvalier last August put on the alert after reports Opponents to the 32-year-old that exiles based in the neighbouring Dominican Republic security measures are designed may seek to disrupt Sunday's parliamentary elections. At the same time, the Haitian authorities are understood to have a number of the Haitian opposirequested aid from the Domini-tion are based. can Republic's armed forces to police the frontiers.

to intimidate. However, the regime is reported to fear an a number of the Haitian opposi-

The new parliament will have limited powers. Nevertheless, if Sunday's elections are to rumours of the young President choose 59 deputies to the dent's ill-health are confirmed. Haitian parliament, which was dissolved by President Jean-

## Nicaragua poll plans under way

BY TIM COONE IN MANAGUA

HE first public discussions on Nicaragua's electoral law took place on Wednesday when the ruling National Sandinista Liberation Front presented pro-

posals for general elections to the Council of State, the country's legislative body.

An electoral commission has been drafting the plans since last October, in consultation with all the political currents in the country apart from the U.S.-backed right-wing guerrillas.

national assembly, the former elected by simple majority and the latter elected by a regional proportional representation

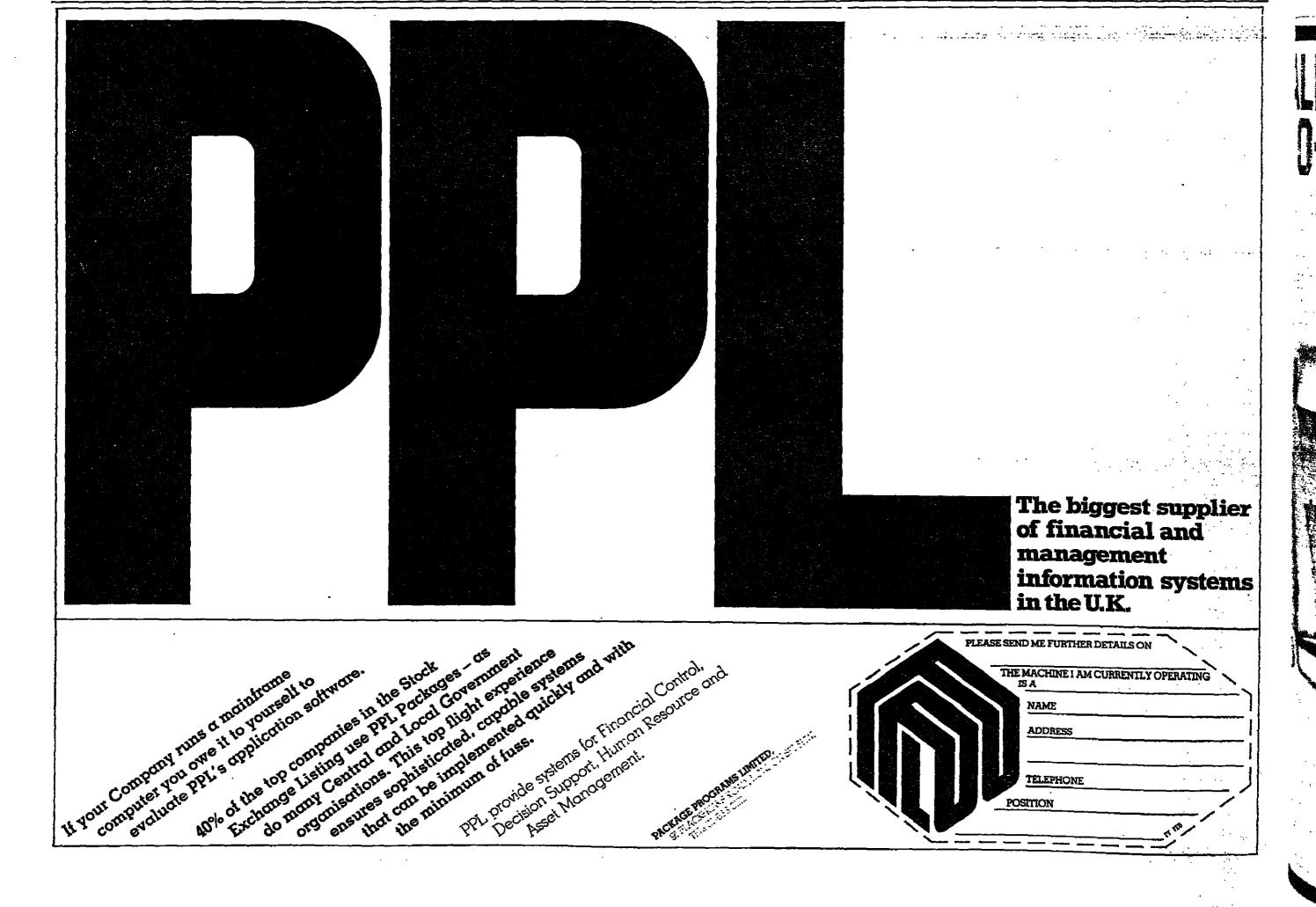
The system of voting for the national assembly will give the smaller parties to both the right smaller parties to both the right and left of the ruling Sandinista party good opportunities to pick up seats in regions where they have strong karal support.

Criticisms have come from both the conservatives and committee in the Council of State

assembly. The form of the executive power, they say, should be determined only by the national assembly.

Discussion and voting on the law is expected to be complete by February 21, when the elec-tion date is to be announced. The speculative election date is February 1985.

Reuter adds from Washington: Leaders of the two main right-wing guerrilla groups fighting the Nicaraguan Government apparently held a secret meeting in Miami on Wednes-



## **TECHNOLOGY**

PIPELINE LEAKS COULD BE REDUCED

## Valve saves mains water

BY ANNE CHARNOCK

The design aim of the new valve is to prevent high areas where pumping costs are pressures building up at times particularly high. of low demand—at night, for example because these excessive pressures force water out of cracks in underground mains and may even cause major bursts.

This latest development in what are called variable pressure reducing valves (PRV) reverses recent design trends by abandoning electrical by abandoning electrical methods of operation and opting for a purely mechanical

It is therefore less sophisticated, cheaper and easier to maintain. In addition, electrically operated systems—such as the microprocessor controlled valve developed by Wessex is positioned upstream of the

to one water authority scientist difference is transmitted to "Pumping operations cost either side of a special millions of pounds a year so diaphragm and its movement, only a small reduction in response to the pressure leakage will save hundreds of difference operates a pressure

Water Authority put the idea as demand diminishes and the of a mechanical, variable valve flow rate decreases at night, the two UK mamufacturers --- J.

er na

WATER AUTHORITIES could now submitted valves for indemake substantial cash savings pendent trials but they say with a new type of pressure confidence is so high that orders reducing valve claimed to cut are being placed on the basis water leakage from arterial of manufacturers tests. Payman region by accomplete the new variable water mains by as much as a back for the new variable half.

PVRs could be as fittle as three months when installed in hilly Most water authorities at

which produce a constant pressure at the valve outlet the set pressure being just sufficient so that at peak day-time demand, water will reach the end of the network. But with nightfall, flows decrease and pipe water pressures be-come extremely high at the bottom end of the network. In fact, the diurnal pressure difference can reach 30m of

In the new variable PRVs, outlet pressures are altered according to the amount of water consumed along the Water Authority—lack inherent fail-safes as they depend on external power supplies.

Around 20 per cent mains water is lost through tracks and which is proportional to the millions of pounds a year or only a small reduction in in response to the pressure leakage will save hundreds of difference, operates a pressure reducing pilot valve. This in Early in 1983, the Welsh turn controls the main valve. So seer Authority put the idea as demand diminishes and the valve closes in order to reduce

a patented control unit which "fine-tunes" the valve to suit individual water mains. For example, in a pipe with high frictional losses because of serious internal scaling, higher pressures are needed to maintain a given flow than in a low friction polyethylene pipe. The control system operates by present use traditional valves transmitting a proportion of the which produce a constant pressure difference at the orifice to the diaphragm unit,

Grandage reckons their new

engineer, Ronnie Grandage, is

valve will cut night-time leakage by 80 per cent. But he concedes that the concept of a mechanical variable PRV has been around for some time. Glenfield and Kennedy's brochures, says its managing Richmond director Denis offered combined pressure and flow control valves in the 1930s and again in the 1960s. But it seems the potential impact on leakage was not understood by

Blakeborough's valve is due to undergo field trials in the West Wales division of WWA. Divisional mechanical and elec-trical engineer Tony Johnson, initiator of the authority's design suggestion says, "There's a lot of interest in these valves and competition is strong. It's

Severn Trent Water Authority has been working on a similar idea since late 1982, based on an Israeli-manufactured valve. According to Andrew Ashcroft, a technical services office at STWA working on valve proto-types, "Waste has become a hot Blakeborough and Sons of pressure downstream. types, "Waste has become a hot Brighouse, West Yorkshire, and A clever addition to Blake-topic in the water industry and borough's "Variducer," according to the firm's chief valves could be the best solution."

## **OPTICAL SYSTEMS** Plastics replace glass lens

use is to keep the costs of Combined Optical Industries has equipment production as low as succeeded in making the com-

succeeded in making the components production as low as possible—not an easy task when miniature optical systems are reading microscopic impressions on recording media.

For example, lenses about 5 mm in diameter and equally small diffraction gratings with very finely engraved lines are involved for handling and controlling the laser beam that reads the optical disc. These components are customarily succeeded in making the components in acrylic plastics for in acrylic plastics. In acrylic plastics for in

with mounting features in-tegrally moulded with the lens. Diffraction gratings are normally made by chemically etch-

**MOTORS** 

## **Fuel saving** valve from Alfa Romeo

Europe incorporating variable inlet valve timing is being launched today by Alfa Romeo.

The system is intended to overcome the compromise which has been needed in any petrol car engine between high power at, or near to, maximum engine speed, and the need for easy starting and low speed torque.

The former requires a high degree of overlap between inlet and exhaust valve operation; the latter ideally needs little or no

Alfa Romeo has got round the problem by fitting to the inlet valve camshaft of its twin overhead camshaft, two-litre engine, a hydraulic piston/ helical gear arrangement. The mechanism allows a 16 degree variation in timing between the engine being started and used in start/low-speed modes and at higher speed operation.

"Normal" setting is without the overlap. But in the high speed mode, the hydraulic piston, operated by engine oil pressure, slides in a spline sleeve housed at the centre of the inlet camshaft driver sprocket. As the piston slides along the spine, it also runs along a helical gear, causing the camshaft to rotate relative

The precise point at which the mechanism is triggered is controlled by a Motronic elec-tronic fuel/engine management computer.

The computer itself monitors factors such as throttle angle, in deciding when to trigger the mechanism, which is controlled by a solenoid valve.

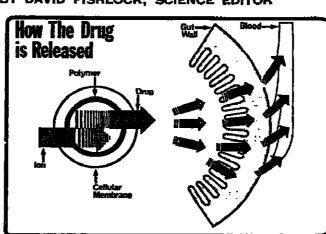
Alfa Romeo, which is introducing the system first on a "Gold Cloverleaf" version of ts Alfetta saloon, claims fuel improvements of between 4 per cent and 28 per cent, depending on usage. Power and torgue outputs are similar to the conventional епділе.

The system is expected to be extended to other twin overhead camshaft engines in the

Several other manufacturers are developing similar concepts, and are likely to follow Alfa Romeo into production. JOHN GRIFFITHS PHARMACEUTICALS

## **Beads** control drug delivery

BY DAVID FISHLOCK, SCIENCE EDITOR



shows how cations distributions through the cellulose coating displace molecules of drug,

which have been locked up in-

For Pennwalt, approval of the

Food and Drug Administration of his Pennkinetic system late in

1982 has already added \$10m in royalties to his sales. He has

just got FDA approval for a

decongestant and anti-histamine

in corporate plans to double the sales of the health division

(\$217m last year) over the next

three to four years. He is in-viting European drug com-

pamies to place research con-

tracts with Pennwalt to devise

an appropriate package and secure FDA clearance.

ment in-house for another drug

company at present, he hopes to win FDA approval for five Pennwalt preparations using the

Although he has no develop-

second, a combination

side as a resinate.

MR ISAAC MCGRAW, an in the bloodstream. The sketch American farmer who is also shows how cations &ffusing vice-president Pennwait Health Group, a U.S. pharmaceutical business, is putting his money on a new drug delivery system his scientists have invented and patented. In Europe this week he has been trying to persuade half-a-

dozen drug companies to licence it has been used to carry a drug his technology.

His Pennkinetic system of controlled drug release commedicines. bines two different mechanisms in releasing a drug into the bloodstream. One, already well established within his company, is the idea of locking a drug to an ion-exchange matrix, in the form of microscopic beads

of the resin. The second mechanism, under development since the late1970s in Pennwalt's research laboratories in Rochester, New system must be a major factor York, is to wrap the beads of resin and drug in a semi-permeable membrane of cellulose. This membrane can be deposited to give a very closely

controlled release of the drug. Drugs packaged in this way can be taken by mouth, either as capsules or as a liquid suspension. Nothing happens until it reaches the stomach and gastro-intestinal tract. So the nastiest taste is safely locked up until it is well beyond the

taste buds. The cellulose membrane is tailored to respond to the very constant concentrations sodium and potassium

found in the gut. Thus it can be arranged to release a drug steadily over a trical charge. Most synthetic 12-hour period, maintaining a drugs do, but natural drugs do

minute according to requirements. At the slowest speed it can print characters which can be recognised by optical reading

> printer uses 46 per cent less power and produces 26 per cent less heat than its predecessor, the 3211 which is a 2,000 line a minute device. The 4248 will however, run all 3211 programs. It costs £54,640 or £61,475 according

IBM has launched its fastest impact line printer yet, the

4248. It can print either 3,600, 3,000 or 2,200 lines a

**EDITED BY ALAN CANE** 

**Terminals** 

**Impact** 

printer

IBM has also released new programs for its 3800/3 laser printer making it possible to merge graphics, text and print

**Materials** 

#### Polyester affected by the gut reactions and causes no side-effects, Mr McGraw says. For the past year expands

THE USE of polyester film is expected to more than double between 1982 and 1995 because of its expanded application in frozen food packaging and retort pouches. Cellophane, however, of which 121m lbs was used in packaging in the U.S. in 1982 will be rejected in favour of newer materials created by the use of new technology.

These are two of the principal conclusions of a new study from the U.S. based consultancy Predicasts which indicates substantial growth for the flexible packaging industry.

Films will capture an increasing share of the total market, it says pointing out that linear low density polyethylene, cheaper than conventional low density polyethylene, is expected to make special progress, Papers, specifically glassine, greaseproof, oiled and waxed

Pennkinetic system this year, and a further three in 1985. Mr McGraw claims his scientists have uncovered only will continue to lose ground to plastic films. By 1996, two drawbacks to this drug rding to Predicasts, de delivery system. One is that the mand for paper as flexible packaging will be only to 1.5bn lbs, slightly less than the demand two years ago. basic drug must carry an elec-

The good news is

Communication

Selling technology

## BT's digital link

THE VIDEOCONFERENC ING system between Canada and Britain announced by **British Telecom International** earlier this week claims to be the first such service using digital transmission tech-

BTI also intends to market low cost terminals which can be used in the office rather than forcing companies to send their employees to special studios. This will remove a major inconvenience of videoconferencing to

GEC-Jerrold, designed and made the system, developed by British Telecom in collaboration with six other European (elecommun') ations authorities, which codes the pictures, text or image into a stream of digits. It also reduces the digital transmission capacity to 2m bits a second. This is equivalent to transmitting 30 telephone calls simultaneously. Without reducing—or compressing— the number of digits required ideoconferencing system would occupy the equivalent of 1,000 telephone calls.

This data compression is particularly important when using satellites since it occupies fewer channels with a resultant cost saving. The system is therefore a con iderable improvement and can still produce reasonable quality colour images.

The terminals code and compress the picture and sound information before transmitting the resultant signal to the satellite earth station at Goonhilly Down, This beams the signal to Toronto via the Intelsat V

British Telecom International is planning to launch a similar system to the U.S. possibly later this year.

# ALL SAABS GO FROM

Over the years, we've used our aircraft design skills to move quickly ahead in the automotive world.

For example, back in 1970 we pioneered the heated driver's seat, which goes from 0-60°F in around 4 minutes and soon reaches a comfortable 82°F.

It's been a standard feature on all our cars ever since, making them even more pleasant to drive, especially in winter. On frosty mornings, Saab owners quickly warm to

the unique heating and ventilation system too. It raises the temperature from -22°F to +68°F in less than 5 minutes. Front wheel drive is also standard to give Saabs better control in icy conditions. (60% of the

car's weight is over the driven wheels.) And just as the rigid cell protects the passengers, outside our bodywork is protected against salted roads by a series of primers, anti-corrosion and anti-chip treatments, under-

seals, undercoats and top coats. With dull winter days in mind, we also pioneered daytime running lights, headlamp wash/ wipes and self repairing bumpers.

And although other manufacturers have kept close on our tail, many Saab innovations are still unique to the 900 range.

So ring our 24 hour hotline (062 84) 74427 and arrange a test drive. Whether it's heated or not, when you sit in the driver's seat and experience our exciting rally bred handling, it won't be many minutes before you become a Saab enthusiast too.



900 series from £7,320 A more individual car

## THE ARTS

## Cinema/Nigel Andrews

## Fact, fiction and factions

Under Fire, directed by Roger Spot-Star Struck, directed by Gillian The Prize of Peril, directed by Yves Boisset.

" I don't take sides. I take pictures," growls Nick Nolte as the front-line photo-journalist in Under Fire. But tossed onto the coals of the Nicaraguan revolution in 1979, he soon undergoes that favourite bar-becuing process of agitprop adventure, the Politicisation of the Outsider, Like Bruno Ganz in Scholondorff's Circle of Deceit or Krystyna Janda in Wajda's Man of Marble, he begins as a humbly conscientious, non-partisan reporter and ends up embracing a creed and cause, both radical.

Under Fire revolves around the overthrow of General Somoza, the famous Central American dictator who had Sandinistas thrown in his face. Director Roger Spottiswoode is an experienced front-liner him self, having dashed from trench trench in the Hollywood to trench in the Hollywood battlefields: he edited Straw Dogs, produced Dog Soldiers, wrote 48 Hours and directed Terror Train. And however much one may question some aspects of this film's ideology, he handles the thriller-at-war elements magnificently. The movie avoids the wince-inducing tropes of most political docu-dramas ("Hello, Guevara." "Good morning, Castro") and it pounds a growly veracity into Note's Nicaraguan dashings between fact and fiction, and faction and faction.

faction and faction.

We first meet our hero at assignment's end in Chad, hoarsely partying with fellow reporter Gene Hackman and whispering sweet nothings to Hackman's girlfriend Joanna macy and action scenes. Photo-Cassidy. These, we swiftly grapher John Alcott (of Barry learn, are Top People. Nolte Lyndon and The Shining) is one of those photographers creates a dust-burnished pano-"Time" cover; Hackman works for a major TV network; and denimmed legs.
Once into Nicaragua, their

next hot spot, the triangle changes shape. Cassidy and Nolte cosy up to each other and Hackman growls good-natured valediction; flying off to New York, though not for long. Meanwhile the guerrillas are revolting. Somoza is a bull at bay, and Jean-Louis Trintignant stalks the corridas of power as "Jazy," a cryptic French spy with a clotted French accent "Do you know oo zat ees?" he asks Nolte and



Joanna Cassidy and Nick Nolte in " Under Fire "

leader, the tragic fate of Hack-Nolte, And they add up to one of the most abrasive and humanely ironic plunges into Third World politicking since The Honorary Consul. (The The Honorary Consul. (The book, not, Heaven forbid, the film.) Every contribution in Under

Fire adds a layer of distinction. Spottiswoode's direction is perfectly sprung in both intiwhose pictures fly straight out rama of upheaval and struggle. of the camera and on to a Ron Shelton and Clayton Frobman's screenplay is unfailingly vivid: even its "statements"— Miss Cassidy is the hottest "The world is not divided into reportorial thing on two worn- East and West any more." says a rebel, "it's divided into north and south"—don't rear up like author's messages, poking you rudely in the eye, but are absorbed into the realistic swell of the dialogue. And the performance absorbed in the control of the dialogue. mances have grit and real character muscle: dough-faced Hackman, seasawing between the plaintive and the puckish. Cassidy with her suffering-stained good looks, and craggy Nolte with his voice like an ill-

oiled piston.
Having said which, the film's Cassidy. as something nubile and it ends with a let's-all-have-and gorgeous weaves into view a-revolution tableau that should

and character-intact.

Star Struck an Australian rock musical, is the kind of aberration that one sometimes thinks only the cinema can produce. (Until the theatre comes along with Jean Seberg). Gillian Armstrong, who directed My Brilliant Career, here goes in for what publicity hand-outs tend to call " a complete change of pace": the change of pace consisting here of being knocked stationary in the early stages of a brilliant career by the steamroller of commercial imperatives. I am assuming. charitably and hopefully, that Miss Armstrong did not chase after this project herself.

Jo Kennedy is Jackie, a Sydney barmaid with singing aspirations, and Ross O'Donovan is Angus, her young brother and would-be manager. Miss K sings like a Strine Toyah, sports what seems to be a tall bird's nest instead of hair, and goes to auditions wearing a shiny black toutou in the form of an LP. Mr O'D sports a fixed smirk, glassy eyes and bright plastic complexion, as if he is audition-

ing for a role in Thunderbirds.
Actually they have their sights set on a New Year's Eve cop gala at the Sydney Opera House. And despite the unhelpful comments of Auntie Pearl—
Why do you keen singing them

thumbscrews: beyond saving balanced distribution of sym-that they involve the photo-graph of a "dead" guerrilla ine—and its evocation of place the excessive good taste of My Briilliant Career, Miss Armstrong here shows she can swing right to the opposite extreme, Perhaps in her next film she'll take a divining rod and track down the Golden Mean.

> The Prize of Peril shows that there is at least one consolation for having joined the EEC. It French talent mountain known as Michel Piccoli. In this futuristic French thriller Piccoli plays the unctuously effervescent host of a TV game show. Each week's new contestant in the popular "Le Prix du Danger" has to scurry about Paris being pursued by real assassing not to mention a assassins, not to mention a camera team. If he survives he wins \$1m. If he dies, requiescat in pace.

This loony Sci-Fi idea bowls merrily along under Yves Boisset's direction until about half an hour from the end, when it dies a horrible death crushed under the weight of its own gimmickry. The film is like Network meets The Hounds of Zaroff. But Piccoli acts with imperious and transcendent dis-tinction throughout: a seedy, exuberant front-man, glistening with dishonest sweat and able to hoist into greatness the feat of tiny patter. Bruce Forsyth should look to his laurels.

Londoners should look, during

boards to superintend the sub-

## Arts Week F | S | Sui M ! Tu | W | Th 10 11 12 13 14 15 16

#### **Opera and Ballet**

PARIS

Khovanshehina - Mussorgski's pow-erful historic fresco of the Russia of Peter the Great magnificently pro-duced by Pier Luigi Pizzi with Woldemar Neisson's inspired conducting of the Colonne On hestra at the TMP-Chatelet (233-144).

Maurice Bejart and the XXth Century Ballett Messe Peur le Temps Futur, expressing the anxiety, the hope, the fastination of the future. Palais des Congres. (2662978).

LONDON

Royal Opera, Covent Garden: After a long wait, and two cancellations in past seasons, the Royal Opera finally brings into port its first staging of Giordano's Andrea Chemer, a secend-rank Italian opera of undeni-able merit. The cast is ied by José

NEW YORK Cats (Winter Garden): Still a sellout,

Trevor Nunn's production of T. S.

Eliot children's poetry set to trendy

music is visually startling and choreographically feline, but classic

only in the sense of a rather staid

and overblown idea of theatricality.

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it,

at the very beginning of the theatri-

cal year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music.

the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the

inumate moments borrowed direct from the film. (757 2626)

2nd Street (Majestic): An immodest celebration of the beyday of Broad

way in the 30s incorporates gems from the original film like Shuffle

Off To Buffalo with the appropri-ately brash and leggy hooling by a large chorus line. (977,9020)

Forch Song Trilogy (Helen Hayes):

Harvey Fierstein's ebullient and

touching story of a drag queen from

backstage to loneliness incorporates all the wild histrionics in between,

down to the confrontation with his

doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Ben-

nett's latest musical has now be-come a stalwart Broadway presence

despite the forced effort to recreate

the career of a 1960s female pop

group, a la Supremes, without the quality of their music. (2396200) Nine (46th St): Two dozen women sur-

round Sergio Franchi in this Tony-award winning musical version of the Fellini film 8%, which like the

original celebrates creativity, here

as a series of Tommy Tune's exciting scenes. (2480246) On Your Toes (Virginia): Galina Panova with presumably a genuine Rus-

sian accent leads an exuberant cast.

in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours,

complete with Slaughter on Tenth

Avenue choreographed by George

Balanchine and directed, like the

original, by George Abbott. (977:9370) Brighton Beach Memoirs (Neil Si-

mon): If he wasn't sure before, playwright Neil Simon can expect a

long run of his funny as well as

touching childhood reminiscence now that the Nederlander organiza-tion generously decided to name the

theatre after the generation's out-standing box office draw. (757 8848) Chorus Line (Shubert): The longest-

running musical ever in America has not only supported Joseph Papp's Public Theater for eight

years but also updated the musical genre with its backstage story in which the songs are used as audi-tions rather than emotions. (239 6200)

Theatre

Carreras, Rosalind Plowright, and Bernd Weikl, the production, shared with Cologne, is by the admired Michael Hampe; and the conductor is the Weish National's Richard Armstrong. Also in repertory, the successful Boheme revival, with Ilona Tokody, Dennis O'Neill, and Thomas Allen, conducted by John Maucert. (249 1066).

English National Opera, Coltseum; The new production of The Mastersingers of Nuremberg by Elijah Moshinsky, conducted by Mark Elder, alternates with the fragrant Traviata revival (with Nelly Miricioiu lambent in the title role) and the ENO's much-praised Gilbert and Sullivan, Patience. (8363161). Royal Opera House, Covent Garden:

The Reyal Ballet has performances of Swan Lake and La Fille mal gar-

Mitan: Teatro alla scala: Giselle - with Italy's two top ballermas, Carla Fracci and Elisabetta Terabust dan-cing alternately: Wagner's Tann-hauser conducted by Georges Pretre. (800 126). leatro Nuovo: Leading ballerina Carla

Fracci directed by her husband Beppe Menegatti in a successful series of nine historical portraits of great dancers of the last century. (700/036). ome: Teatro dell'Opera: Opera Bulfa. La Perichole by Offenbach; La Cen-

erentola (La Scala production).

(461 755). Naples: Teatro San Carlos: Don Carlos conducted by Daniel Oren. (418266).

authoritarian nurse. (496 3000)

WASHINGTON

ambitious woman in this thin musi-cal that was a Tony winner in a had year on Broadway. Ends Feb 12. Kennedy Center (254 3770)

LONDON

Master Class (Old Vic): Timothy West

as Stalin confronting Shostakovich and Prokoliev with charges of de-

generacy in their music. David Pownall's gripping new play is sec-ond into the beautifully refurbished

ond into the beauturily returnished Old Vic after the departure of Biondel to the Aldwych. (928 7616).

Little Shop of Horrors (Cornedy): Campy off-Broadway import which is less good than The Rocky Horror Bidges Shout but which has a curi-

Picture Show but which has a curi-

ous charm, a full-blown perfor-mance from Ellen Greene and an

exotically expanding man-eating prickly plant. (930:2578).

Transfer after a sold-out season at

Hampstead for Dennis Potter's menopausal, over-symbolic but tru

culently written comedy on a gleam-

ing white Greek island set. Dinsdale

Landen superb, yet again, as a gar-

Austrian emigrés in Hollywood be-tween the wars. Michael Gambon is

the playwright von Horvath, Ian McDiarmid a vulpine, cynical Brecht Large-scale epic play, Iunny

and thought-provoking on the sub-iect of the Artists in exile. (928 2252).

Hay Fever (Queen's): Penelope Keith is more right for Judith Bliss than were either Edith Evans or Celia

Johnson. She is very funny, win-somely autocratic, distracted. The

supporting actors roll over without

decent, enthralling play about the breaking of a spy ring in the subur-ban Ruislip of 1959-60. Hugh White-

more's script eleverly constructs a drama about betrayal from the

friendship of neighbours. The story is based on fact and well directed by

nating, complex, slightly flawed new

strikes a happy note of serious levi ty. (836/2860/4143)

Peter Wood's production

Clifford Williams. (4373686). The Real Thing (Strand): Susan Pen-haligon and Paul Shelley now take the leads in Tom Stoppard's fasci-

protest. (734 1166). Pack of Lies (Lyric): Judi Dench in a

rulous drunk. (8363878).

Tales From Hollywood (Olivier): Neurly the last chance to catch Christopher Hampton's witty scenario for

Sufficient Carbohydrate (Albery):

#### **WEST GERMANY**

Turin: Tentro Recio: New Production

of La Boheme directed by Ugo Gre-goretti; Fidelio directed by Peter

Hamburg, Statusoper: Don Carlos highlights the week with Ruggiero Ramondi, Elena Obraszowa and Luis Lima in the leading roles. Die Zauberflote has Carla del Re as Queen of the night. Arabella, an Ot-to Schenk production, is steered to triumph by Judith Beckmans in the itle role. (351 151). Frankfurt, Opera: Premiering this

month is a new production of Don-Pasqualo produced by Renate Ac-kermann, it has Gunther Reich in the little role and Barbara Bonney. one of the brightest young talents on the operatic scene, in the part of on the operation schoe, in the part of Norma, Pariser Leben is a well done repertory performance. La Traviuta has Paula Page in the part of Violetta. Cav and Pag have fine interpretations by Maria Saltmaru and

Scoppo Ruohenen (25621).

Berlin. Deutsche Oper: Premiering this week is a Jean Pierre-Ponnelle production of Fidelio, conducted by Duniel Barenboim. It brings together star tenor Peter Hofmann as Florestan and Catarina Ligendaa as Leonore. Further performances are Ariadne auf Naxos perfectly cast with Edita Gruberova and Janis Martin as well as Don Giovanni It leatures Edda Moser and Bengt Rundgren. (34381). Stuttgart, Württembergische Staats-oper: There has been much ap-plause for Idomenco, Harry Kup-

ter's first Mozart production. Klass Nagora makes his debut as eq tor. Don Pasquale has Wolfgang Prebst and Yasuko Kozak. The week also includes Kurl Orlf's rare-ly-played Die Kluge (20321).

Munich, Bayerische Stantsoper, The week starts with Die Verkauffe Braut Tristan und Isolde is present-ed with outstanding Ingrid Bjöner and Spas Wenkoff in the title roles Idomeneo, sung in Italian, is worth a visit with Peter Schrier and Pamela Coburn. Die Entführung aus dem Serail convinces thanks to Edita Gruberova and Peter Schreter in the leading parts. Orpheus and Ed-rydike stars Lucia Popp. Die Lust-gen Weiber von Windsor rounds off the week. (21851).

#### NEW YORK

Motropolitan Opera (Opera House). First seasonal performance of Tannhauser conducted by James Levine joins the new Rinaldo pro-Levine joins the new Rinaldo production conducted by Mario Bernardi and starring Marilyn Horne; Stravinsky with the Met Ballet and sets by David Hockney; and Peter Halls production of Macbeth, premiered last season with Renata Stotte es Lady Macbeth and Sherrill Milnes as Macbeth, Limpin Center, (580 980). (580 9830)

(Novasa). lew York City Ballet (New York State Theatre): The final weeks of the company's season of mixed reperury includes performances this week of Afternoon of a Faun, Scolch Symphony and Kammermanik Lancoln Center. (870 5570).

rchestre National de France conduct-ed by Lorin Maazel with the Radio France Choir: Berlinz - Grande Messe des Morts (Thur) Bosilique

**NEW YORK** 

New York Philharmonic (Avery Fisher

Hall): Zubin Mehta conducting, Haydn, Berg (Tue); Zubin Mehta conducting, Radu Lupu piano, New

York Choral Artists directed by Joseph Flummerfelt Webern, Mozort, Holst (Thur). Lancoln Center

Symphony (Carnegie Hall); Michael Gielen con-ducting, Yehudi Menuhin, violin. Berg, Schubert (Mon); Michael Gie-

len conducting. Teresa Berganza

WASHINGTON

Concert Hall: National Symphony, Ra-

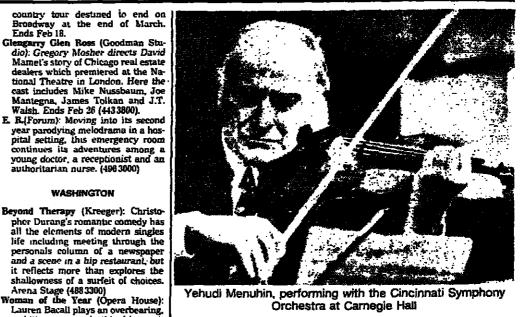
fael Fruhbeck de Burgos conduct-ing, Andre Watts piano. Barber, Rachmaninoff, Dvořák.

Chicago Symphony (Orchestra Hall): Leonard Slatkin conducting Haydn,

Rome: Teatro Olympico Piazza: Gen-

tile da Fabriano Concerto Italiano:

Bax, Sibelius (Thur) (4358122)



Yehudi Menuhin, performing with the Cincinnati Symphony Orchestra at Carnegie Hall

(524 1516)

(8742424)

(Tue) (2477459)

#### Music

LONDON

Philharmonia Orchestra and Chorus conducted by Vladimir Ashkenary with Sheila Armstrong, soprano. Felicity Palmer, mezzosoprand Dennis Bailey, tenor and John Shii ley-Quirk bass, Beethoven, Royal Festival Holl (Mon), (9283191) Helsinki Philharmonic Orchestra con-

ducted by Paavo Berglund with Bernard d'Ascoli, piano. Sibelius and Neille Akopian, piano, Siberus and Liszt Royal Festival Hall (Tue)... Neille Akopian, piano: Boch, Schubert and Schumann. Queen Elizabeth Hall (Tue). (9283191) London Mozart Players conducted by Harry Blech with Malcolm Messiter above and Ernst Kovecic Mozart

and Haydn. Royal Festival Hall English Chamber Orchestra conducted by Steuart Bedford with Murray Perahia, director/piano and Ra-phael Wallfisch, cello. Mozart and

Britten. Queen Elizabeth (Wed). London Philharmonic Orchestra conducted by Klaus Tennstedt with Peter Donohoe, plano. Messiaen, Pro-kofiev and Tchaikovsky. Royal Fes-

tival Hall (Thur). BRUSSFLS

## Royal Philharmonic Orchestra, Lon-don, conducted by Antal Dorati with

des Beaux Arts (Mon) PARIS Charles Andre Linale, violin, Jean Ko-

lise von Alpenheim, piano. Tippett, Beethoven and Tchaikovsky. Palais

erner, piano: Schumann, Debussy. Shostakovich sonatas (Mon). Cité Universitaire, 21 Bd Jourdan Quatuor Ivaldi: Lekeu, Weber, Brahms (Mon) Radio France-Grand

Auditorium (524 1516)
Viorica Cortex, Mezzosoprano, Antoine Garcin, Baryton, James Johnson, Piano: Donizetti, Ravel, Poulenc, Bizet (6.30pm).

Rene Kollo, tenor, Irwin Gage, piano;
Wolf, R. Strauss, Schubert (8.30pm)
Both concerts Mon, TMP-Chatelet

(2334444)Baste Chamber Orchestra, Maria-Joao Pires, piano Mozart, (Tue). Théâtre des Champs Élysees (7234777)

sence, since the panels now are just

Sammartini, Pergolesi and Boccher-iru (Wed) (37.33.04) Auditorio di via Della Conciliazione, Accademia di St Cecilia: symphonies by Mozart and Prokofiev conducted by Efrem Kurtz (Sun, Mon and Tue) (65.10.44) ZURICH

> challe: Concert performance of Verdi's Giovanna d'Arco conducted by Nello Santi with Margaret Price and Ernesto Veronelli (Tue); Bella Davidovich, piano. Chopin and Schu-mann (Thur)

#### HONG KONG

Pittsburgh Symphony Orchestra plays Tippett's Concerto for Double String Orchestra, conducted by the composer. City Hall Concert Hall (Wed)

## Am Markt: Paintings and clothes from the period between classicism

and art deco. Ends Feb. 29

Cantor Sculpture Centre: Set against a

spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the en-largements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

#### WASHINGTON

next best thing in combining pre-paratory studies drawn from the Queen's collection in Windsor Castle with photos and a film of the restor-ation and works done after the Last Supper, including a series by Rem-brandt. Ends March 4.

## Arts Council shifts the burden

Percussions de Strasbourg/Bloomsbury Theatre

**Andrew Clements** 

The latest of the Arts Coun-fully in the early 1960s, along schemes. Hiérophonie V began six specially constructed metal-

Francois Bernard Mache's ample scale—four movements, Aera and Yoshihisa Taira's lasting 45 minutes—and not only

thing inescapably dated about glockensplels and timpani—in devised by the composer that assault, and it exploits the virtue died of music for six persequence, setting up some occauses quarter tones and third tuosity of this group most cussionists. It belongs truth—sionally teasing harmonic tones, and which is played upon spectacularly.

Satu Salo/Purcell Room

**David Murray** 

Salu Salo, a Finnish harpist, Polifonica, and Byrd and Alvars Miss Salo had played earlier in passages (and much of her

offered a programme on Wed- and Sibelius and Milhaud Less transcription. She showed some chosen music was taxing).

nesday that was not only boldly of it would still have been too good declamatory sense in the though not enough to forgive

Britten Suite. C.P.E. Bach's and a closing four-voice fugue), somata and Roussel's Impromptu assiduously developed from a cuit bars limped and easy bars absence from the solo platform:

—and a substantial new piece by Ronald Stevenson, the Fantasia "The Harper," for plano—which signs of competence in many whole affair.

Stevenson Fantasia of that.

resource was accompanied by ritualistic cries, ploited then and faded to quiet, more sustained

the attention.

up with its alternative for local alternative channel of funding funding of the arts, given the the arts only as a second fact that the Government seems option. determined to abolish the Greater London Council and the metropolitan county counabout £30m a year into arts activities in their regions.

The council suggests the establishment of jointly constituted local authority boards, or committees, with the power to

the Bloomsbury Theatre was that by Les Percussions de

Bristol tomorrow, and in the Midlands and North next week.

Since its formation in 1961

the group has commissioned a host of composers to provide it

with a repertoire and the majority of those works have

remained its exclusive property.

night, all written within the

ambitious, but immensely long much.

-almost two and a half hours.

It included many of the chief

ornaments of the harp reper-toire: both of Fauré's lovely

pieces, Hindemith's Sonata, the

It believes, probably quite rightly, that if it were given the job of meeting the deficit created by the loss of the regional councils, the local authorities would feel that they needed to make little or no provision for the arts.

requires particularly imagina-

volvement that in performance

interest into music that is in

pitched instruments — gongs, bells, marimba and vibraphones,

reality preciously thin.

cil's Contemporary Music Net- with aleatoric scores and mobile

cil's Contemporary Music Met. Strain Strain work tours to get under way at forms: the resource was thoroughly exploited then and

Strasbourg. After London, the tive treatment now. Yet Les six percussionists are due in Percussions play with such Bristol tomorrow, and in the vigour and palpable physical in-

They should not be missed, for they tend to sweep one's their programme contains at theoretical misgivings aside, least one work of outstanding even to the extent of injecting

last five years. There is something inescapably dated about glockenspiels and timpani—in

The

Although the Arts Council is of the regional councils. The precept on constituent authori- quick to point out that "it does signs are that he has been sucties. Rather surprisingly it not seek to comment on the cessful in defending his patch. recommends that the Arts Government's general intention Setting up local authority

he beyond anyone's nower and contribution.

with dramatically fierce attacks, lic instruments, the Six-Xens.

panions. It is constructed on an a movement that mingles the

Fantasia, which requires plenty the continual mishaps in Faure's

funding by regional councils.

Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord

CHICAGO

Death of A Salesman (Blackstone): A new production with Dustin Hoff-man as Willy Loman stars a cross-

ITALY

7pm (closed Monday).

Rome: Galleria di Palazzo Spada Piaz-za Capo di Ferro: Beautiful seventeenth century palace containing a fine collection of paintings of the same period. The building has been closed for restoration for some time and re-opened this week. It is also possible to visit the Room Of The Four Seasons, normally closed, with its beautiful mouldings by Mazzoni. The charm of this gallery is that it has kept its character as a private patrician art collection.

#### HOLLAND

the gospeis in Europe, is jouned by a hoard of bronze, silver and gold treasures, all linely wrought and many of them encrusted with jewels - a reminder that long before its present troubles, Ireland had its golden age and was the last reposi-tory of Western art and learning to fall to the Vikings.

#### PARIS

Francis Bacon: His work - even in his recent paintings - continues tor-mented and the anguish is heightened by the mixture of a realistic ex ecution combined with an irrational representation of the strained and twisted human body. Galerie Maeght-Lelong (563 1319). Closed Sun Ends Feb 25. Galerie de Jonckheere celebrates its

extension from Brussels to Paris by showing four paintings by Peter Bruegel the Younger and 30 landscapes by his contemporaries, full of the colour, verve and earthy joie de vivre associated with Dutch and Flemish 15th and 16th century art. 21, Quai Voltaire. Closed Sun. Ends March 17 (261 3879).

#### LONDON

Royal Academy: The Genius of Venice - we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions, It treats us to exclusively the painting and, to a lesser extent, the sculp-ture, that Venice produced in the 16th century. If Bellini and Carpac-cio are bonoured more by their ab-

too fragile to travel (though the Llon of St Mark's is Carpaccio's), there is so much that has been brought in from all over the world that compenfrom all over the world that compen-sation is hardly the word. So, from the shadowy, speculative presence of Giorgione in the beginning, to the emotional extravagance of Tintoret-to filling the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et at, we are indulged in a way unific-ly ever to be repeated in our time, if at all. Ends March 11

#### BRUSSFLS

Musée d'Art et Histoire: Reconstruc-tion of the chamber of the Bulls of the Lascaux Grottos, closed to the public through fear of damage and pollution affecting the drawings. WEST GERMANY

#### Tubingen, Kunsthalie: Edgar Degas.

The most comprehensive Degas ex-hibition ever shown in the Federal Republic. More than 200 drawings, astels and oil sketches documen all periods of the French impresstonist's œuvre. Ends March 25. Hamburg, Kunstverein, Glockengiess-erwall: Jonathan Borotsky - drawings from between 1980 and 1983 has roughly 200 sheets which underline the artist's mottoes "art is for the spirit" and "reality is not what

you think it is." Ends Feb 26. anover, Forum des Nieder-sächsischen Landesmuseums, 8-11

هكذا من النصل

Leonardo's Last Supper (National Gallery): Although the refectory of the Church of Sants Maria della Grazie has not been brought from Milao, this clever exhibit does the

Museum of Contemporary Art: With the assertion: The arts in West Ger strong, and constitute one of the porary art trends in Europe and America," this recent Chicago insutution is putting on three German shows, of artists Rebecta Horn, Dieter Roth and 100 works of five nec-Expressionists. Ends April I.

## and gorgeous weaves into view a-revolution tableau that should "Why do you keep singing them across his garden. "It ees Meess be chopped up and used for pointless bloody songs"—they Panama." And she turns out Free World firewood. Ironicto be the shared mistress of ally it's Trintignant's flamto be the shared mistress of ally it's Trintignant's flamJazy and Somoza. But Jazy boyant little spy who has the also seems to have friends among the rebels... Who does he work for—CIA or Sandinistas, Cuba or Washington? Also seems to have friends about to have his head blown nistas, Cuba or Washington? Also seems to have friends about to have his head blown is the same to the finer points of the shared mistress of ally it's Trintignant's flambar to mutter dark thoughts into their Bunuel season at the National Fosters. Come the big day, they lead up on to the Opera House stage and treat us all to the same to their Bunuel season at the National Fosters. Come the big day, they lead up on to the Opera House stage and treat us all to the special mount, to be a season at the National Fosters. Come the big day, they lead up on to the Opera House stage and treat us all to the special mount, to be a season at the National Fosters. Come the big day, they lead up on to the Opera House stage and treat us all to the special mount, to be a special mount, to be a special mount, to be a special mount. intrigue and atmospherics beautifully to a boil, the "story" should have used Trintignant proper begins, whose sequence of surprise twists you will not less. The film has the power force from me even with hot to survive even a more Atter orninging exposition, keyed into the interpolation of political dialectic. Under Fire thought the small numbers on priceless display here. The which have preceded it. But how can you feel mean to a film whose idiocy is conand as producer and lasts until force from me even with hot to survive even a more Atter orninging exposition, keyed into the interpolation of priceless display here. The should have used Trintignant which have preceded it. But how can you feel mean to a film whose idiocy is conand as producer and lasts until February 29. The Arts Council has come Council itself should act as the to abolish the GLC and MCCs "

it goes on to state that they
"have been unquestioned
leaders in the field of local
authority support for the arts" and "it is difficult to envisage alternative arrangements which would serve the arts as well."

It is to be hoped that Lord Cowrie Minister for the Arts has persuaded the Government to make good the support for the arts lost by the abolition

sounds, and worked itself up

again to a noisily spectacular conclusion. Without the visual

distraction of the players' organisation and co-ordination

neither piece would have held

Pleiades dwarfed its com-

Aera and Yoshihisa Taira's lasting 45 minutes—and not only two groups with those of drums, Hiérophonie V were both materially thin and, more disturbingly, structurally crude. Aera juxtaposed rhythmic layers played on pitched instruments — cones

—the tempered chromaticism of Western music, and a new scale

The Stevenson Fantasia of that.

proved to consist of seven sections (including a passacaglia, canons at a the usual intervals than a few bars seemed beyond the root of the problem was and a closing four-poice fusual the property in a nutshell diff.

In every respect Xenakis'

the Arts Council may be asked to shoulder the responsibility. with the carrot and the stick applied to local authorities to persuade them to make some

Although the situation does

The central pair of movements

places these two systems in

direct opposition, one a toccata for metallophones, the other its

complement on the Six Xens, twisting into extraordinary har-

monic and tonal regions and

weaving rhythmic patterns of

Around them Xenskis places

sounds and polyrhythms of these

throat. Xenakis is at his finest in this kind of full-frontal

Impromptu: the fitful progress

enormous fascination.

not look as desperate as it did a month ago, there is still some way to go before a feasible alternative emerges to arts

rmen (Vivian Beaumont): Peter **Antony Thorncroft** 

bome for a fast-paced, stripped-down seven-performer, but wholly

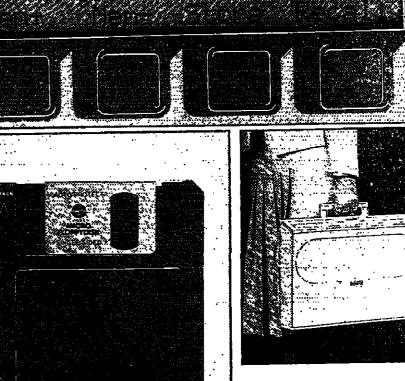
**Exhibitions** 

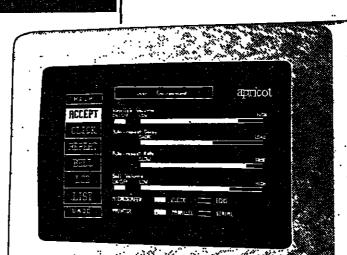
Milan: Palazzo Della Permanente: Os-kar Kokoschka (1906-1924) drawings and watercolours. Ends March 11.
Venice: Museo Correr: Until a year
ago, there was not a single painting
by this Venetian master to be seen
in the city observations. in the city (there were in fact two but in private collections). The local council has now acquired two large and splendid paintings with interesting documentation concerning

Florence, Pitti Palace: Raphael paintings and drawings. The exhibition has drawn such huge crowds that the opening hours have been extended - something almost unheard of in Italy. Now open from 9am until

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 26. The Book of Kells, the most

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Practical Computing October 1983

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## Tax law principle ended by Lords

## Ruling strikes at legitimacy of artificial transactions to avoid liability

schemes to avoid tax payment was dealt a death blow yesterday by a judgment of the House of Lords, Implicitly overturning a principle

of UK tax law over the last half-century, Lord Bridge of Harwich said the courts could examine the commercial substance of a series of legal form when ruling on tax

Lords yesterday to overrule the tween subsidiaries in a group to series of transactions designed to Court of Appeal in favour of the Inland Revenue was formulated in vide-ranging terms and raises doubts about the efficacy of a wide yesterday. "If I have a choice of two range of uncontroversial transac-

tions designed to reduce tax. They include making payments to a student child by means of a transactions and look beneath their covenant, the "bed-and-breakfasting" of shares over an account period to reduce a future capital gains years ago. The judges decided then of his shares in a company. But to

Mr Eddie Ray, a tax partner at

accountants Spicer and Pegler, said ways of doing something, do I now have to choose the way that means

made by the House of Lords three

DACH

in the perpetrator's tax liability. That ruling undermined many of off-the-peg avoidance schemes sold

by the Rossminster Group But in the case decided yesterday, the taxpayer. Mr George Daw-

The decision of the five Law tax bill, or the transfer of assets be-that they could disregard a circular defer his liability to capital gains Lords vesterday to overrule the tween subsidiaries in a group to series of transactions designed to tax, he sold them through an Isle of Man company

> Lord Brightman, who delivered the main judgment, described the transactions as "a simple and honest scheme which merely seeks to defer payment of tax." But he ruled I pay more tax?"
>
> day, the taxpayer, Mr George Daw that even if a pre-ordained series of The first big judicial move son, a clothing manufacturer, was against tax avoidance schemes was aiming to achieve a change of commercial end, the courts would that even if a pre-ordained series of mercial substance, namely the sale disregard any steps in the series in of his shares in a company. But to serted purely to avoid tax.

## Scott Lithgow shipyard 'still open to offers'

BY PETER RIDDELL, POLITICAL EDITOR

mrs margaret thatcher, the Prime Minister, told the House of Commons yesterday that al-though conditional agreement had been reached for Trafalgar House, the UK property and shipping group to take over the Scott Lithgow shipyard, it remained open for

other companies to make offers.

The Prime Minister added, however, "Time is running out." She described privatisation of the Clyde shipyard, in south-west Scotland, as the only hope of saving jobs there. The yard is part of the nationa-lised British Shipbuilders, which

announced plans to close it after Britoil cancelled a £36m rig con-

Mrs Thatcher deplored union opposition to the proposed sale. Workers at the yard yesterday walked out in protest and union leaders said it was a "spontaneous gut reaction," which meant that privatisaoperation.
There will be no deal based on

compulsory redundancies and the massacre of jobs in this communiunion official, said.

Trafalgar House said it could save 2,000 of the 4,000 jobs initially, but would eventually expect to employ a nucleus of about 1,250.

Mr Norman Lamont, Industry Minister, told the Commons that British Shipbuilders had been right to get on with quick negotiations in view of the seriousness of the posi-tion at Scott Lithgow. He told MPs that any agreement would require the approval of the Government and he assured questioners that all serious bids would be considered.

His and Mrs Thatcher's remarks reflected a desire in Whitehall not to rule out any options in the face of what some ministers - notably Mr George Younger, the Scottish Sec-



lillen:

Graham Day, chairman British Shipbuilders

retary - regard as an attempt by Mr Graham Day, chairman of British Shipbuilders, and Trafalgar House to hurry them into a deal. Officials expect that

groups, notably Bechtel, UK subsidiary of the U.S. engineering group, and the Anglo-French compar Howard Doris, will make detail offers next week.

It was emphasised by officials that the conditional deal with Trafalgar House still depended on agreement being reached with Brit oil over the disputed rig contract, and that was far from settled. Britoil said yesterday it was not

satisfied with the proposals made by the three companies interested in taking over the yard.

• Fears for the future of the Cammell Laird shipyard on Merseyside rose yesterday ers rejected terms for a £7-a-week productivity deal agreed by British Shipbuilders and national union of

Two other prominent yards have also rejected the deal - Vickers at Barrow-in-Furness, England, and Yarrow on the Clyde.

## Crucial union talks for TV channel

BY OUR LABOUR STAFF

breakfast television company, TVam, hangs on a crucial meeting this morning of the main technicians'

The Association of Cinematograph, Television and Allied Technicians (ACTT) is expected narrowly to endorse a compromise costcutting formula worked out last the company. But despite guarded optimism on both sides the situa- Daily and Sunday Express, came to tion was still regarded as serious.

ting £1.5m savings required pany.

THE FUTURE of the troubled through changes in working prac-

About Elm has now been pledged from shareholders to help the company over the next few weeks. Although costs have already been brought down from 121m a year to £14m, senior management is adamant that further savings of more than £1m can be made.

the rescue of TV-am in November TV-am management has with- last year with a £2m investment drawn the demand for up to 60 regiving it 20 per cent of the equity. It dundancies from ACTT and the Na- was part of a £4.5m refinancing of tional Union of Journalists. Last the channel which, at the time, was night's discussions centred on get-said to secure the future of the com-

## Guidelines on spending

THE TREASURY is to publish a per share, in contrast to the contest-consultative paper setting out the ed bid worth £212m, or 150p per implications of projected public exhare, from Hanson Trust, the inpenditure levels arising from exist-dustrial holding company.

ing policy commitments. Mr Nigel Lawson, Chancellor of last line of the defence the brick the Exchequer, told the House of supplier has been building against Commons yesterday that approval the bid which must close at the end had finally been given to his pro- of this month. It cannot be inposal that the Government should creased after next Tuesday. provide the information needed for a well-informed public debate on

the committee stage of the Tele-Rover and Acclaim cars.

British Telecom.

More than 150 amendments have been tabled, many by a group of Economic director of the National Conservative and independent The Social Property of the National Economic Development Office. peers concerned about the effect of the Bill on British manufacturers of

had been valued at £300m, or 215p seat for Labour.

The revaluation forms almost the

#### Lex, Page 14

• WORKERS at the Austin Rover trim shop at Cowley, Oxford, reject- THE GOVERNMENT'S majority fell to four in the House of Lords a week-old strike more ight transfers. a week-old strike over job transfers last night in the first vote during which has halted output of the

the way for the privatisation of MR MICHAEL POSNER, recently chairman of the Social Science Research Council, is to become next

 THE SOCIAL Democratic Party/ Liberal alliance has pushed the To-ries into third place in the run-up to the Chesterfield by-election in • LONDON BRICK said its assets which Mr Tony Benn is fighting the

#### It began with one The ICL Personal Computer has been Vestric's ICL central small headache. computer in Liverpool. From January 1984, prescribed for five hundred chemists. So those 500 chemists chemists have had to produce a typed or printed label to go will be able to place their orders directly, and find out about the availability of drugs, prices, delivery dates, on prescriptions.

Vestric, who are the largest pharmaceutical wholesalers in the UK, decided that the ICL Personal Computer provided a simple, cost-effective way of meeting

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## **UK NEWS**

## Mineworkers seek backing of unions for coal import ban

BY OUR LABOUR STAFF

MINEWORKERS are to seek the support of transport unions in Brit-ain in an attempt to enforce a total ban on coal imports which total 4m

to 5m tonnes a year.

Any ban would be certain to breach employment legislation aimed at prohibiting secondary or supportive industrial action, and would run counter to the Trades Union Congress (TUC) policy that all action should be lawful.

National Union of Mineworkers (NUM) leaders said yesterday that they would be meeting other unions
the Transport and General Workers and the rail and seamen's
unions - all of which have already pledged support in principle to an

The aim of a ban would be to put pressure on the National Coal Board (NCB) in its dispute with the NUM over a 52 per cent pay offer. Miners have been operating an overtime ban for 15 weeks in an ef-

fort to win a bigger offer.

Mr Arthur Scargill, NUM president, said yesterday that the ban was inflicting minimum damage on the union and maximum damage on the NCB. He described production losses as "quite staggering" and claimed a total loss of some 7m

The Energy Department has acknowledged that the NCB is heading for a loss of about £200m this financial year and, if the overtime ban continues, it says losses might approach £300m



Scargill: Production

losses 'staggering' Coal stocks have remained high throughout the overtime ban, but mineworkers have lost a substan-tial part of their earnings, since rou-tine maintenance and safety work at collieries is normally done as

overtime working.

Much of Britain's coal output has been stockpiled because it cannot compete with the price of foreign coal When Mr Ian MacGregor took over at the NCB last year he set himself the task of cutting the price of coal to industry. Cheaper British coal would cut the cost of electricity, since power stations are the NCB's biggest customer.

Coal imports are already restricted. The Central Electricity Generating Board has estimated that if it were able to import coal for its Thames Estuary power stations the price would undercut the NCB by between 10 and 20 per cent.

Notice of Redemption

Transocean Gulf Oil Company

8% Guaranteed Debentures Due 1986 (now Gulf Oil Corporation 8% Debentures Due 1986) NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 1, 1971, under which the above designated Debentures are issued, \$1,493,000, aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on March 1, 1984 (herein sometimes referred to as the redemption date):

## STC to supply cable TV equipment

By Raymond Snoddy

STC is to enter the equipment market for cable television to challenge companies such as Plessey Scientifc Atlanta and GEC Jerrold.

STC Telecommunications yesterday announced the formation of a joint marketing company with Texscan of the U.S.

The company will initially sell Texscan cable television systems in the UK. Later, if the market warrants it, the products will be manufactured under licence in the UK. The aim is to try to sell Texscan equipment to the 11 companies

chosen by the UK Government to

develop interim cable franchises in Mr John Cottrell, managing director of STC Telecommunications said yesterday. This new enter-prise gives us the entry we have been seeking into an important growth area of communications

business, valued at £250m a year by

Texscan, which had net sales of more than \$54m last year, claims a 26 per cent share of the U.S. market in wideband distribution equip-

STC is particularly interested in the Tracs system developed by Texscan. It is a microelectronic controller located outside the home which means that only "authorised" television signals are delivered to

## Banks connect new system of payments

BY ALAN CANE AND DAVID LASCELLES

CHAPS, the London retail banks' face to link non-settlement banks to electronic payments service inaugu- the system, and the question of the rated yesterday, came through its cut-off time, are still with us, but first day of operations with flying the system has performed well to-

Although most of the foreign Many merchant and foreign banks in London are refusing to banks are boycotting it on the adtake part in the system because of vice of their trade associations disagreements over a "common in-terface" to the Chaps network, and quibbles over the cut-off time, all There are also objections to the the main settlement banks went 3pm cut-off time.

live without problems. Chaps could be used by up to 300 Some £32m, the sum of over 1,000 banks, but only 40 have agreed t individual payments, were cleared take part. Many of these are the without a hitch through Chaps (clearing house automated payments system). All the clearing But Bank of America, Hambros, ments system). All the clearing Hong Kong and Shanghai, and banks - which own and operate the Swiss Bank Corporation are among other leading hanks which have deservice - had settled their accounts other leading banks which have de through the Bank of England by 3.10pm, 10 minutes after the agreed Chaps is based on eight U.S.-built cut-off time.

"Miracle of miracles, it works," tion for being "fail-safe." Trials said a spokesman for one of the have shown that the system can

transactions without error.

clearing banks. "Champagne corks handle 8,000 transactions every 30 are popping." Citibank, a particiminutes. Any payment of £10,000 or pant bank, said it had made several more made through the clearing banks will involve it Chaps is also linked with Swift,

Mr Eric Simmonds, Chaps pro-ject leader, said: "It has been a pret-the international communication ty good first day. Every settlement network through which banks send bank has taken part in the system. payments instructions to each oth-

## U.S. 'barred from contracts'

BY HUGH O'SHAUGHNESSY

multi-billion dollar supplementary funds of the IDA.
fund which the British Government Last year the U.S. refused to ternatical Development Association by \$12bn and settled for an increase (IDA), the soft loan arm of the of S9bn, although the higher figure

Mr Timothy Raison, Overseas
Development Minister, made this
clear in evidence to the House of
Commons Foreign Affairs Committhe Reagan Administration to actee. He said Britain was continuing cept the \$12bn figure.

U.S. COMPANIES would be de- its efforts to organise a supplement barred getting contracts from the tary fund of \$3bn to top up the

is hoping to launch to assist the In- agree to an increase of IDA funds had been accepted by a majority of

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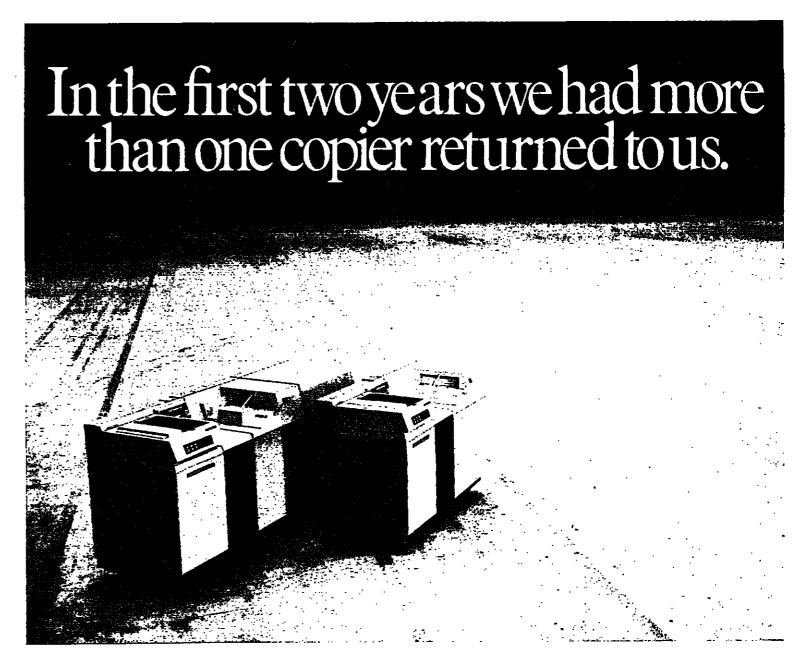
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Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels. Frankfurt/Main, London (Citibank House), Alilan, Paris, and Citibank (Luxembourg) S.A., and Kredictbank S.A., Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) alone will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the pavee with a bank in New York City, on March 1, 1984, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to active. Upon presentation and surrender of such Debentures with all unmatured coupons, payment of principal will be made out of funds to be deposited with the Trustee.

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January 30, 1984

## **FINANCIAL TIMES**

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Friday February 10 1984

## Debacle in Lebanon

PRESIDENT REAGAN'S abrupt decision to withdraw the U.S. contingent from the multi-national force in Lebanon is a open two questions. Have any of the lessons of that unhappy the outside world can do to ease, if not end, the Lebanese

For some months it had been obvious that the multi-national force was not playing a constructive role in the maintenance of peace. At one time its function had been repreits function had been represented as providing a breathing space in which President Gemayel could restore some credibility to the Lebanese army, and thus provide a context of minimum security within which political negotia-tions between the warring fac-

tions could take place.
But, partly because of the prominence of the American presence in the force, it was widely suspected inside Lebanon and Syria of being an instrument of U.S. manipulation, and became less a force for peace than a target for its enemies. Any residual hopes were smashed by the eruption of the Shi'ites and the collapse of the Lebanese army.

#### Diplomacy

Syrian suspicions of American intentions were no doubt over-done. America has a long and honourable record of trying to promote the cause of peace in the Middle East, and the original motive for deploying the multinational force was to prevent any repetition of the massacres which had taken place

Unfortunately, the promotion different from the deployment of force, as if a certain kind of peace can be imposed from out-side. By its advocacy of the May 17 agreement last year between the Lebanese Government and Israel, by its public celebration of a "strategic alliance" between the U.S. and Israel, and by the use of the heavy guns off-shore, the U.S. laid itself open to the charge that its main aims were the maintenance of a Christian-dominated government, and the limitation of Syrian influence.

Given the facts of history and geography, such aims were never plausible, the collapse of national force in Lebanon is a the Lebanese army has swept realistic response to the facts them away. Syria's interests in on the ground. But it leaves Lebanon have deep roots which could not be removed by the Israeli invasion, still less by the intervention been learned? Is U.S. marines. For many years there anything more useful that the majority Muslims acquiesced in Christian domination of the political institutions; a few months ago it looked as if they months ago it looked as it they might be content with some partial reform of the system; today it is hard to believe that a stable national government can be resurrected under this, perhaps under any, Christian president

All hope may not yet be lost. The withdrawal of all or most of the multinational force may have a sobering effect on the warring factions, and persuade them that the time has come for serious negotiations on a political settlement. There is a case for exploring the French idea that UN units should take over the role of the MNF, though the violence of the fight ing and the urban nature of the battleground does not make this an inviting prospect.

If this idea were to gather support, the U.S. Navy vessels

might have a useful off-shore supply role to perform. But any rationale for the firing of the USS New Jersey's guns, which may once have appeared to exist, has now vanished.

The balance sheet of the past 20 months is lamentable. The U.S. marines can be quite quickly extricated, but the Israelis are deeply embroiled in the southern half of Lebanon. The Syrians are more heavily armed than before, and may be expected sooner or later to step up their interventionist role. Mr Arafat's Palestinians have been driven out of Beirut; but rockets are once more being fired into northern Israel. Lebanon is in a state of virtual, but unstable,

The U.S. Administration may fear that the episode has damaged its reputation for consistency and resolution; the Israelis can only see the departure of the Americans as a defection. Others may fear that what has suffered is America's reputation for caution and

## The bidders for **Scott Lithgow**

A MONTH AGO, the Scott future, it was vital that it be Lithgow offshore construction passed on to a new owner capyard on the Clyde had apparently been written off as a with the past and convincing hopeless case. British Ship-prospective buyers that it could build the past and convincing the past and convincing building the past and convincing the past and convinci builders was in no position to support a facility which had played such a large part in its losses during recent years and the Government had made it plain that it was not going to pump in any more public money. Britoil had cancelled its £88m order for what had been billed as the world's most advanced exploration rig, work on which was about 30 per cent complete and running many months behind schedule. Today, in complete contrast,

three prospective buyers have in taking over the yard, and British Shipbuilders appears close to agreeing a deal with one of them, Trafalgar House, with what looks like unseemly haste. Since the Government will have to cover the yard's very substantial—but unquantified—liabilities before any owner can be expected to take control, the reasons for this rapid turnaround are a matter of public interest.

It may well be that the decision to pay the price of a transfer of the yard to private transfer of the yard to private ownership is soundly based. A growing market for semi-sub-mersible drilling rigs is thought likely to develop over the next few years, and in terms of its physical assets and deep water facilities. Scott Lithgow is ideally placed to meet this demand. Its labour and management record in recent years demand. Its labour and management record in recent years has been a disaster. But this was not always the case, and Britoil needs the rig in time for Gotaverken Arendal of Sweden the 1986 drilling season, and has shown that the production of these technologically advanced vessels does not have have been signs within the past year that Scott Lithgow has at drowning man does not hang last been making real progress around to see if a second life-in getting to grips with the belt might materialise.

Yet there is no disguising the second second

In addition, the cost to the Government of closing the yard in terms of potential liabilities on the Britoil contract would have been very substantial, by Britoil are genuine, but in oven without taking into account the social costs of more redundancies in an area of despectately high unemployment. But, if the yard was to have a sense.

deliver. This was the back ground to the Prime Minister's the Government was prepared "to wipe the slate clean."

Trafalgar House was quickest off the mark, and appears to be the favoured new owner—with British Shipbuilders and perhaps also in Downing Street. However, there are reserva-tions about whether Trafalgar is indeed the ideal candidate

customers. Trafalgar, to say the least, appears to be facing an upbill task with the first of these groups, and has not yet been welcomed with open arms by the second. As for the third, the view in the offshore supply industry appears to be that the company may not have sufficient technical qualifications to do the job especially by comparison with Bechtel, the U.S. company which is a rival candidate for ownership. Trafalgar's case would look a lot more convincing if it was presented jointly with Gotaverken. But it seems for the moment that the Swedish company is likely to have a strictly limited role as technical advisor: it seems to have closer links with Howard Doris, the third contender for

progress on its construction has been so slow that the odds against meeting this deadline to be handed over to low cost are beginning to mount. More-builders in the Far East. There over, as British Shipbuilders' over, as British Shipbuilders' chairman has pointed out, a

Yet there is no disguising the mood of shock and even anger which the announcement of Trafalgar's conditional agreement has provoked in Scotland The time constraints imposed by Britoil are genuine, but in the next week the Government BRITISH AND GERMAN EDUCATION

# A glaring contrast in approach

By Michael Dixon, Education Correspondent



**6**British schools devote their best teaching to the scholarly minority and pass on few skills to less academic children?

with their higher course un-But, the longer studies in eater emphasis on preparing students for practical work Engineering courses devote far attention than the standard UK counterparts to the practice as distinct from the science of engineering. They also differ by including

raising the educational attainments of such children the mainspring of his policy.

The Education Secretary's the study of management topics, as do Germany's underbold and ambitious plan" "bold and ambitious plan" is
to stop the UK education service from concentrating overwhelmingly on the pupils who
show a ready aptitude for
scholarly subjects. In consequence the rest, whose aptitudes and interests lie elsewhere, are mostly left just to
go through the educational
motions and so to emerge from
11 years of compulsory schoolgraduate courses in less practically centred subjects such as economics. And the difference between the two systems in preparing people for working life at the highest levels of academic ability, is magnified many times over at the lower levels of the range. Of all the young people who become available for full-time 11 years of compulsory schooling with little by way of disciplined knowledge and skill to jobs each year in Britair, 60 per cent lack any qualification respected anywhere on the employment market. In Germany the figure is only

about 10 per cent.

The gulf is explained less by variations in the two countries' treatment of children at school than by a sharp difference in the opportunities

available when they leave. In the UK a total of about 33

per cent do well enough in com-pulsory schooling to go on to

further full-time study either for degrees or certificates of

lower academic standing. Of the other 67 per cent, very few

enter systematic training for-mally recognised by employers

at large.
Their chances of getting an apprenticeship, in particular, have declined in recent years.
Although employers in Britain

spent an estimated £2.5bn on training of all kinds in 1980

(the latest year for which full

show for it. Without diminishing academic attainments of the keenest scholars, Sir Keith claims, our schools could educate the less academic majority to far higher levels of achievement. West Germany's example apparently supports

S THE children raised their hands, Frau Annelies Fischer glinted

her spectacles at a dark boy who gulped anxiously. "You answer. Rosario," she said in English. "Why did not Tom

Morgan see the Changing of the

"Tom... could see... only many people and cameras,"

Rosario pronounced.

The teacher at the Karl Sim-

rock School in Bonn nodded and

then asked the class of 15-yearolds why poor Mr Morgan, in
London for the first time from
his native Cardiff, hadn't seen
Westminster Abbey either.
"Too many t-tourists and

coaches," chirrupped Stephanie fidgeting with the shocking-plak

gloves on the seat of her desk. While the German children's

while the German children's
English was rudimentary, it
would be hard to find a comparable class in the UK able to
speak any German at all. Or
French for that matter.
With few exceptions the only

15-year-olds taught a foreign language in UK state-maintained schools are children in the top

third of the range of academic ability. Those ranked lower are

largely considered too dull to learn another tongue.

But none of Frau Fischer's class ranks in the top third of

the range. Most are in the lower half. Some are in the

bottom 20 per cent. And that

is only one example of West

children whose intelligences run

in directions other than the

than Western countries in general and the UK in particu-

lar is an urgent question now that Sir Keith Joseph has made

Why Germany succeeds better

Britain's devotion of its best teaching to the scholarly minority pays off in terms of the costs of equipping them to obtain bachelor-level degrees or equivalent qualifications.

In the UK, while only about
16 per cent of eligibly aged
people enter degree-level
courses compared with 19 per cent in Germany, very few drop out before their final examinations and almost all graduate within four years. The time taken by German students is normally six to eight years and a greater proportion drop out

statistics are available), their was about £4.8bn — 91 per cent intake of new apprentices has more than Britain's employers dropped from 100,000-plus in spent on training as a whole, the early 1970s to at most 40,000 The number of apprenticeships year. Germany has a centuries-old

tradition by which employers take a leading role in preparing young people for working life. Through their far more tightly organised chambers of commerce and industrial and provide the so-called dual-system apprenticeships. These mostly last three years during which the apprentices spend most of the week being trained on an employer's premises, and the rest in classroom instruc-

The net cost to German employers of the dual-system

THE overall aim is to enable

THE overall aim is to enable 80 to 90 per cent of children to reach the levels of knowledge and skill now expected of only half, and in a wider and more useful range of studies. To this end, the Education Secretary proposes

• Reforming the 16-plus examinations. Today these

iargely measure each candi-

date's performance primarily

against the performances of the competing candidates, and

pass grades are awarded to only a narrowly varying, pre-

set percentage of entrants.
The reformed exams will instead measure candidates against benchmark standards

of knowledge and skill, and

all who attain them will be

the appropriate

three main changes

SIR KEITH JOSEPH'S PLAN

apprenticeships alone in 1980

spent on training as a whole. The number of apprenticeships available to a school-leaving population not much greater than that of the UK, is around 675,000 a year.
"In some trades the trainees way exceed employers' needs of skilled people," says Dr

or skilled people," says Dr Peter Braun of the Federal Ministry of Education and Science in Bonn. "We train many surplus bakers, for example. But even if they cannot find a baker's lob, they are often better equipped to work elsewhere." work elsewhere."

In Germany the proportion who quit full-time study immediately their compulsory schooling is over — 62 per cent — is rather lower than in

• Getting schools to define

explicit objectives. There is

not even broad agreement in the education service on what

schools are supposed to achieve. Each of them should

formulate clearly not only what they ought to teach but also what pupils ought to understand and be able to do

• Overhauling the curri-culum. It should be broader

in instilling social discipline as well as offering a bigger

range of studies; more rele-vant to the real world as

schoolchildren experience it;

more varied in catering for different abilities and apti-

tudes; and more balanced so

that the total teaching effort

is geared to developing each

pupil's full potential.

as a result.

educational certificate demanded by employers as a passport into dual system training. It is only the remainder, numbering fewer than 100,000, whose lack of qualification consigns them to the state-financed equivalent of the Youth Train-

Britain. But five in six of the

ing Scheme which in Britain already provides more than 300,000 places in its first year

teachers I met there to be

meeted with the fact that

unlike Britain, where four-fifths of secondary school pupils are in comprehensives, Germany largely retains a secondaryeducation system in which pupils are segregated into different types of schools according to academic ability. In particular the bulk of those who

society's moral pre essure on employers big and small to provide apprenticeships. But it is not the carrot of many opportuni-ties which motivates the chil-dren to study. It is the stick of their knowing that unless they get the minimum certificate they have little chance of becoming skilled workers. They know also that in Germany un-skilled workers have absolutely zero status. These things have

could not bring them into being

It seems likely, therefore, that in the absence of any such tra-dition, UK schooling could not be made as motivating to so large a majority of its pupils. But that still leaves room for some worthwhile if lesser increase in motivation from the purely educational changes pro-posed by Sir Keith Joseph.

The UK's exams work like a football league in ensuring that even if all today's competing candidates performed much better than those of the past, a proportion would still come bottom in the ranking and be relegated. The substitution of benchmark attainments of benchmark attainments of knowledge and skill and the sward of the appropriate grade to all who reached them must surely increase the general incentive to work hard academic

British comprehensives to emulate successful hauptschulen like Karl Simrock in devoting a fair share of their most ex-perienced teachers' attention to the children who most need help to attain adequate stan-

German results seem to benefit, too, from clear objectives and the more firmly balanced curriculum that Sir Keith pro-poses. Far from leaving heads and teachers to decide their school's activities, each of Germany's regional education authorities lays down not just that, but also largely how all schools shall teach a core of basoic studies including Ger man, mathematics, another language, science, history or another social study, and crafts or technology.

individual British schools from getting superb results in some particular activity of their own enthusiastic choosing, might be Schoolchildren's far greater more than compensated in general by adopting less varied and ambitious objectives and many was not thought by any of the education officials and teachers I met there to be But Sir Keith's hope of better

than modest success must still depend on winning the active support of employers. While unable to take on a comparably leading role, UK organisa-tions might at least follow their German counterparts' example of taking a close interest in what's going on in the schools. ing to academic ability. In particular the bulk of those who win their way into dual-system apprenticeships by gaining the minimum certificate come from secondary schools taking in only the least academically able—the Hauptschulen.

"The trick lies not in any structure of schooling." Dr Braun says. "It is in our society's moral pressure on emtoday's pupils are much better at discussing important ques-tions intelligently. We say 'yes,' but their ability to discuss intellectual things with others has grown in reverse pro-portion to their ability to do practical things for themselves.
"But we don't only criticise. We try to be partners in de-

veloping better education. For employers rely on schools teach-

ing wisely as much as schools rely on employers creating

wealth. Both parties know that if we are not in this together,

## **Men & Matters**

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Underground man

Yesterday's mineworkers' executive meeting was briefly poig-nant as the representatives of a hard trade formally marked their appreciation of the 15 years service as general secre-Whoever takes on Scott Lithtary of Lawrence Daly. He

gow will have to win over three vitally interested parties—the workforce, Britoil, and future makes way for Peter Heathfield next month. "might-have-beens" in the Labour movement. He was all promise in the '60s and the early '70s. After he beat Joe Gormley for the general secretary's post in 1968 he was a shooting star in a galaxy of good left-wing speakers, feted by the socialist intelligentsia (who thought they had found a worker-intellectual), and showing an advocate's skill when presenting the minescofters' evidence to the mineworkers' evidence to the Wilberforce inquiry into mineworkers' pay in 1973. Yet his self-discipline was not equal to his talents. He relaxed

his grip and faded into the background. Gormley, victorious in the took over control of the union.



Later Daly suffered a bad car leave that sort of venture to Century mansion and nearly

a man as any in the unions with a range of literary references—
especially of Scots literature—

Raper, meanwhile, runs anout 40 miles a week around the four parks in central London and feels that he ought to cover especially of Scots literature—

more ground to get in prime broader than most.

At a reception in his honour in Sheffield this week he replied movingly to the tributes to him. Part of the emotion—on both sides—must have been the bitter reflection of a huge talent never fully realised.

#### Raper's round

Party time in Hill Street yesrarly time in still Street yes-terday. The host at lunch—none other than the City's most in-corrigible non-conformist, Jim Raper, of Milbury, the house-building group, and St Piran. Notable City firms were represented: Wedd Durlacher Mordaunt, Samuel Montagu and others were listed in the visitors' book. Champagne corks popped as the diminutive Raper

what was this in aid of? my man asked, since the host is not usually prome to public relations exercises. "A chance to meet people," Raper responded, His plans, he confided, include more acquisitions, a degearing programme in the group, and obviously better relations with the City which is relations with the City, which is only just coming out of shock after his defiance of its self-

What was this in aid of? my

regulatory powers.

He wants to shorten the length of his takeover campaigns which have assumed marathon proportions. "The takeover campaign for West-

shiver in the Stock Exchange tower. But he has decided to £750,000

accident, adding the burden of others for the moment, injury.

Raper, meanwhile, runs about

more ground to get in prime marathon condition. "Please don't call us a controversial group," one of his associates puffed at the parting. "Colourful would be better."

#### Making headway

There was a general nodding of heads at the EEC finance ministers meeting in Brussels this week when Belgium's Willy de Clercq proposed that a new economic "index of con-vergence" should be devised to show how member countries were getting on with their resolve to bring their economies

closer into line.

But who was going to do the work? De Clercq suggested the monetary committee, throwing the ball into the court of Michel Camdessus, of the

French Treasury.

Quick as a flash, Camdessus passed the ball to the economic committee (co-ordinated by the British) on the grounds that he was already responsible for an index of divergence. index of divergence."
An interesting argument seemed in prospect. But Jacques Delors, the French finance minister, solved the problem in time-honoured Euro-custom. He

suggested that de Clercq's "interesting suggestion" should be "noted." Heads nodded again in enthuslastic assent.

sibility of joining the financial Yet Tony Ray, an agricullaunched the new publication tural supplies merchant of this week with an article a stake in a stockbroker—somea stake in a stockbroker—some—Fiddington, near Tewkesbury, thing which might cause a is the declared winner of an estate worth a conservative

400 acres of grassland. Ray, who bought a £175 ticket in the lottery—one of 9,000 sold—found himself hauled off his smallholding last night to face the TV cameras and tell how it feels to be trans-muted into a pillar of the Irish

squirearchy.
Professional gambler Barney
Curley, who thought up the
wheeze to dispose of his property looks like clearing well above £im after expenses. Tickets were sold in Ireland, Britain, the U.S., and as far afield as the Middle East. He paid about £500,000 for the property nearly 10 years ago with the proceeds of a big win on the turk.

But Curiev looks like facing problems. The Irish police are checking on the legality of the

lottery and have consulted Ireland's director of public prosecutions.
One guirk of the method employed was that everyone who bought a ticket also hecame a member of the local Gaelic sports club.

#### Red faces

Royal Bank of Scotland group is obviously taking its public image seriously ahead of full-scale integration with Williams and Glyn's next year. Marketand tiffits next year, market-ing chiefs recently spent days closeted in a stuffy office trying to think of a suitable name for a new staff magazine being sent to all employees of the "first UK bank." Alas for their efforts, it is just

marathon proportions. "The takeover campaign for West-minster Properties took about a year. We hope to do our next acquisitions much quicker," he said.

Raper has looked at the possibility of joining the financial

Observer

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evolved by long tradition. You we cannot prosper apart."

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POLITICS TODAY

# A comedy of errors

By Malcolm Rutherford

THIS WEEK has shown both the best and the worst of Sir Geoffrey Howe. On Wednesday fectly correct. The Cheltenham afternoon, telling the House of Geoision was reached by a small group, almost like any other. British forces from Lebanon, the Foreign Secretary was in in presentational terms it was a disaster. There was no warning British forces from Levanus, the Foreign Secretary was in in presentational terms it was a undoubted command. Perhaps it disaster. There was no warning light built into the system to light built into the system to that impressed, but it was hard to believe that this was the same Sir Geoffrey who has made such a mess of the Cheltenham

Students of politics ought to read an interview which appeared in the Daily Mail last Monday because it reveals the qualities and the limitations of the man.

"I believe," Sir Geoffrey said,
"I shall be doing my present

#### The Cheltenham decision was taken by a small group

job long enough to make the same impact on the Govern-ment's record and achieve-ments as I did in the Treasury . . . Essentially both are jobs requiring sustained application over a period of time."

Nothing wrong with that. The Foreign Secretary is digging himself in for the long haul. Few people, after all, expected him to survive a full term as Chancelor of the Exchequer.

But he did. Then he went on to the debership at the Government com-munications headquarters at Cheltenham: "It was discussed, as almost every other government decision is discussed by the group of ministers most directly involved. There are

Strictly speaking, there is nothing wrong with that statement either. British government does not work by discussions of the full Cabinet, but by a system of committees. A former minister recalls that one of the few issues that went to the Cabinet as a whole was the permitted height of New Zealand House in London and its effect on the learnt about it only afterwards. in London and its effect on the skyline. The debate went on almost for ever because everyone had a view. If all discussions were conducted like that, there would be few decisions.

So, in terms of constitutional

that of the Prime Minister, is to plod on regardless, Probably admired by the Americans, almost indeed the basis of the special relationship. No political party is going to make much ground out of trying to sabotage

Nevertheless, there has been considerable unease about the Government's approach. Mr Charles Irving, the Tory MP for Cheltenham, complained justifiably that he had not been advised of the decision in advance. He has around 7,000

(say) Kim Philby. If it had not been for him, Cheltenham directly involved. There are very few discussions of government decisions by the full Cabinet."

How been for nim, Cheitenham would remain in obscurity. The mions insist that they want GCHQ to work effectively, and they been appropriately. they have won some public

indicate problems ahead. Sir Geoffrey's response, like

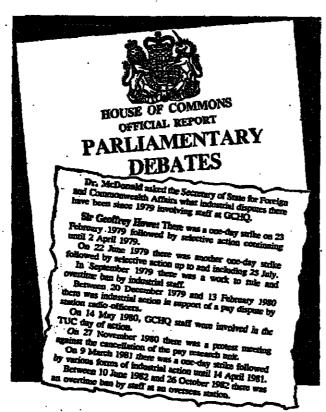
they will get away with it. Cer-tainly it is hard to find anyone who thinks that if the Government has a super intelligence monitoring agency up to Rolls-Royce standards, it should beinsecure. There may even be a bit of national pride involved. Most people until recently did.

Most people until recently did.

not know that GCHQ Cheltenham existed or, if they did, they
knew little about what it was
doing. It turns out to be much

advance. He has around 7,000 constituents involved in the agency's work.

The trade unions could have complained even more. In fact, they have been rather clever. It was not they who led to the agency coming into public prominence. It was the convicted spy, Mr Geoffrey Prime, who seems to have been about 10 times more disastrous than (say) Kim Philiby. If it had



Sir Geoffrey Howe's written answer on January 30.

separate instances. But the trouble was that nobody seems to have told No 10 Downing Street that the answer was

The result was mutual recriminations. If the Foreign Office had the evidence, why hadn't it produced it when Sir Geoffrey made his original statement? In other words, the

rupted by industrial action. it is clear that it is the system This was produced by Sir which is at fault. Somebody Geoffrey in a written parlia- ought to have warned Sir mentary answer a few days Geoffrey at the start, if he later. It gave a list of eight couldn't or wouldn't see it separate instances. But the himself, that his startered was bound to be controversial. far as one can discover, nobody

did.
There ought also to be a mutual mechanism under which all Foreign written parliamentary answers ce, why are seen in advance by the ministers and senior officials of all the departments concerned.
One had always understood
that there was, especially on
security matters. But it seems
not to have worked in the

good in the long run, even if it gets its way. It looks like yet another banana skin.

learnt about it only afterwards, when they were asked questions by journalists.

It turned out that there was some evidence of the agency's operational efficiency being dis-

Prime Minister's press ter's insistence on dealing with secretary, says that banana Britain's contribution to the skins are to Mrs Thatcher's budget of the European Comsecond administration what the munity expectation of a U-turn was to her first. The Press had decided future. in 1979 that she would be obliged eventually to reverse het economic policy rather as Mr Edward Heath had done before her. In the end, as Mr John Biffen, the Leader of the House of Commons, has argued it was more of an S-bend. But the official line is that the press

was wrong and that Mrs
Thatcher ploughed on.
Now that she has been reelected and the economy has begun to look up, the argument goes, the Press has invented banana skins on which the Government is bound to slip. The theory is not absolutely implausible. Boredom at the

idea of a large Tory majority for the next few years clearly does play a role in the way the Press decides to treat politics.

Government's making. It has won a large majority and is unsure what to do with it. In some ways it is digging its own hole.

For example, Mrs Thatcher has tended to strip the Government of a regular channel of independent, non-party advice. She has abolished the think-tank without putting anything in its place. Mr Ingham himself takes over more and more the role of government spokesman. No single person can possibly represent the Government on all issues. It needs a machine, but the machine is getting smaller.

Anyone who doubts this should look up a book called Downing Street Diary\* by Sir Harold Evans, the Press secre-tary to Mr Harold Macmillan. It describes the bunker mentality which see in at No 10 Downing Street after Mr Macmillan had won an increased Tory majority in 1959.

before getting on to the longer

Mr Bernard Ingham, the term. Hence the Prime Minis munity before thinking about Community's long-term

> There are other instances The Government still tends to deal with Ireland on a shortterm basis, almost as if it were reacting solely to day-to-day events. Even Mrs Thatcher's visit to Hungary last week, and the switch of emphasis to im-proving East-West relations, do not seem to have been very clearly thought out in advance. There is considerable confusion about what happens next—whether a senior Soviet Minister is coming here, or

The 1959 bunker mentality in **Downing Street** 

does play a rote in that politics, Press decides to treat politics, argument is still pretty meretricious. It is also defensive. The Press, after all, did not invent the Cheltenham secure majority is that you affair, nor the Government's secure majority is that you ought to be able to plan, to the invasion of Grenada. Both incidents were sprung on a receptive audience.

The advantage of winning a first quarter of the following first quarter of the following spear, before the Treasury for the 1983 financial year. The Parliament is threatening to block the rebate beyond the end of March if next month's EEC summit does not make enough progress towards settling the agricultural and to design the machinery of issues currently government which have plagued British politics for years past. Nearly all senior civil servants have acknowledged that the machinery around the Prime Minister's office does not work well enough. There is an oppor-tunity now to do something about it, as well as so much else. There could be a longterm policy on Europe, Ireland, East-West relations and govern-

> One begins to think, how-ever, that politicians are so used to living in the short term
> that they are incapable of
> adapting to the long.
> As Sir Douglas Wass pointed
> the immoni out in his Reith lectures, the

average span of a minister in a particular department is around two years. There is therefore very little incentive to think about what happens in the next decade. This Government has an almost unique chance to be different. The One excuse being put forward chance to be different. The for the present approach is that it is necessary first to resolve the short-term problems chance to be different. The evidence so far is that it has not fully realised it, despite Sir Geoffrey's plodding.

## Lombard

## The perils of law-breaking

By John Wyles in Brussels

ment has now completed its plans for becoming a deliberate law-breaker. To be forced to contemplate the prospect is rather an embarrassment for a Prime Minister so strong on law and order, but Mrs
Thatcher feels she is being
pushed into a corner. She will,
therefore, withhold a proportion of Britain's payments to the EEC budget if the £457m owed by the Community does not reach the Treasury before

the end of next month.

This breach of Community regulations—which will almost certainly land Britain in the European Court—is being forced on the UK by the European Parliament. The Community's budget year is a calendar one and traditionally Britain's rebate is paid in the

budgetary issues currently paralysing the Community. This further delay is a breach of the Community's obligations to the UK, Mrs Thatcher will argue, as she withholds some of the £230m to £290m the UK transfers to Brussels every

month.

Under the latest government plan, some British payments will continue so as to enable the Community to go on funding the agricultural, social regional and other projects it sponsors in the

London will aim to recoup the £457m over an eight or nine month period in the absence of a formal Parliamentary decision. But it will bow in the direction of the legal niceties by putting the blocked funds into a special escrow account which the Treasury will open in the Community's name.

MORE in sorrow than in anger, held an equivalent amount until and with a discernible twinge several months have passed, of relish, the British Govern-Withholding will, however, ensure that the Community's budgetary armagedcim is not delayed.

Politically, this is one good reason for unilaterally reducing payments to the EEC. A budget ary crisis, coupled with her power to veto an increase in the EEC's budget revenues, is the trump card which. Mrs Thatcher is certain, will deliver the long sought after permanent reduction in Britain's budget payments.

There are two important weaknesses in the case for with-holding. One derives from the very unsatisfactory arrange-ments between the Community

institutions.

The British claim that nonpayment of the rebate by the
end of March means that the
Community is breaching its
obligations to the UK. The
obligation, however, was entered
into by the Council of Ministers
but never endorsed by the Parllament. The Strasbourg
Assembly may be a nuisance,
but it is just as much part of institutions. but it is just as much part of the Community. It did not undertake any obligation to the UK, although it does share budgetary powers with the Council of Ministers. Arguably the obligation is only confirmed when the Parliament finally authorises the payment. A second cause for anxiety is

the impact of withholding on public opinion in the rest of the Community. Britain is quite wrongly represented in much of the continental press as caring only about its budget money, anxious to put the CAP to the sword and caring little for the Community's future de-

velopment.
If Britain sits on some of its budget payments, in defiance of its legal obligations, it will serve only to confirm a very unfortunate image. Mrs cision. But it will bow in the direction of the legal niceties by putting the blocked funds into a special escrow account which the Treasury will open in the Community's name.

The British action will not make the Community's already parious budgetary situation worse. The £457m will, after all, remain in the EEC budget, and the UK will not have with-Thatcher may also be narrowing

## Letters to the Editor

## Threat to BL in the privatisation of Jaguar

does, the morality of privatising a company resuscitated from bankruptcy by the taxpayer, it is good to see your correspondent Kenneth Gooding's concern (February 6) about the hiving off of newly successful Jaguar from newly successful BL.

all its varieties, and given the essential spare-parts service—sive governments and their BL boards, the money has been spent and the commitment remains. The long-term technological and marketing trends are clear for anyone who wants members at Jaguar have promiting the service of the sive governments and their BL boards, the money has been spent and the commitment remains. The long-term technological and marketing trends are clear for anyone who wants to see them. Having off Jaguar members at Jaguar have promiting the service of the second part of the second part

From the General Secretary,
Technical Administrative and production terms, a far higher output is essential in marketing of sources in infrastructure, and balances of payments dependent upon it.

does, the morality of privatising all its varieties, and given the accountable production terms—advertised, stocked in all its varieties, and given the accountable production terms.

off of newly successful Jaguar make 500,000 cars a year. My from newly successful BL.

Eight long years ago the members at Jaguar have produced a brilliant car in the members of my union, TASS, published a remarkably far-sighted policy statement, The British Motor Vehicle Industry, in response to the sadly unin British Motor Vehicle Immstry. Hercedes. Inadequate scale, in response to the sadly unimaginative. Labour Government White Paper (Cmmd 6377) of January 1976.

TASS then said: "No company with sales of less than 1 im cars a year will survive . . Whilst "Invested" £2bn in BL, £100m assembly of 200,000 of a model of it in Jaguar. We have done little Green and the paper of the need sit in paguar. We have done little Green and the paper of the need sit in paguar. We have done little Green and the paguar with the paguar of the need sit in paguar. human and financial resources Renault, Britain looks after are all too apparent traps to Nissan." Surely we should look

per year may produce the so in recognition of the need

exporters From Mr D. N. Andrew.

Sir,—Further to Mr Dingle's letter on Export Subsidy (Febdevelopment and support "lame

A further misconception is

abolishing economists and recent story of the economists' claim to have created the chaos preceding the Creation were Freudian slips. D. N. Andrew, 3, High Lane, Woodley,

Stockport, Cheshire.

#### TV-am's value to advertisers From the Chief Executive, Sir,—In your article on TV-am in the Financial Times

TV-am in the Financial Times of Tuesday January 31, you quoted the managing director of Davidson Pearce — Britain's 14th largest advertising agency — as saying "If they (TV-am) could deliver an average of 500,000 to 500,000 housewives through the programme they would be a very interesting medium." He went on to say that he thought TV-an's average housewife audience was actually below 200,000.

Could I point out that in the week ending January 22, we week ending January 22, we actually delivered in the hours between 7,30 am and 9.25 amwhen 90 per cent of our adver-tising is transmitted — an everage housewife audience of

This is not a particularly surprising figure as the average figure for the previous month Was 470,000.

Now we are a "very interest-ing medium" we sincerely hope Davidson Pearce and their colleagues in the advertising world will take note and utilise the selling opportunities we offer on TV-am. Timothy Altken Breakfast Television Centre,

Efficiency in engineering

Hawley Crescent, NW1.

From the Chairman, National Joint Council for the Engineering Construction budget. Clearly the CEGB are to be congratulated on their management of the project. You also identify the National

Agreement for the Engineering Construction Industry as creating a new framework within which major developments can take place. For many years the industry had been racked by had industrial relations and an inability to complete major projects to programme and budget. That situation attracted by co-peration, there is a cant impact on the inability to complete major John Morris Jones, Walmar House, 296 Regent Street, W1. a number of official studies.

All the studies and expert opinion were unanimous that Gut feeling about many problems of the engineering construction industry arose £/\$ exchange rate from the differences of pay. From Mr C. Toront and productivity and conditions that were used to "leapfrog" settle-ments on a never-ending cycle of claim, stoppage and con-cession. This lead to the conclusion that a fundamental and necessary reform would be the negotiation of a single National Agreement under the control of a National Joint Council. The objective would be to remove these counter-productive "differences" and improve site productivity by a very signifi-

As a result of many years of effort by the employers' asso-ciations and trade unions and supported by NEDO, the industry's EDC and various Governthe National Agreement was more highly than we do. introduced in November 1981. Its governing body is dedicated to the re-emergence of a successful and productive engineering construction industry. The Industry excellent survey value of an agreement which on the Drax Power Station provides the structures and proevidence from Drax shows the

(February 1) highlights the cedures through which problems significance of a project being can be jointly resolved. These completed to time and within structures, including that of the Project Joint Council, provide the authority for the working arrangements which your sur-

Onslow Hall, Little Green,

vey identifies.
Other projects are also being completed successfully and these demonstrate that when clients, unions and contractors co-operation, there is a significant impact on the industry.

From Mr C. Target and

Sir.—Investors are right to be nervous about their dollar holdings. Research undertaken on both sides of the Atlantic has led us to conclude that the dollar is over-valued by about 25 per cent against sterling. We have developed a new implied exchange rate based on the prices in London and New York of a well-known hamburger chain (see table). Prices exclude New York sales tax at 5 per cent and United Kingdom Value Added Tax at 15 per cent. This is

"take-out" rate. Other conclusions compatible is just that. with our model are:

in New York Quarter pounder Thick Shake 1.50 1.85 1.83 0.530.29Hot Apple Pie 1,87 \$2.97

ruary 7) may I add two points. The impression is given that UK exporters are in receipt of Government "hand-outs" to subsidise their prices. The fact is that some 90 per cent of the annual subsidy does not affect the price at all, being in the form of interest subsidy paid to the UK banks providing the finance, to enable exporters to match their competitors' interes rates. Consequently an exporter could be fully competitive on cash terms and yet still lose his export markets, if the interest rate subsidy is with-drawn, because HMG believes subsidies distort industrial

that exporters are apparently thought not to have a domestic market. Indeed they do, but no account seems to be taken of the impact of unemployment or the impact or inemployment and of the vacuum created (quickly to be filled by imports?) by the demise of these "subsidised" exporters. One hopes the Prime Mini-ster's sketch for "Yes, Minister"

 Alternatively, we share the same opinion of hamburgers in terms of labour hours worked; its just that the Americans are better paid.

• There is an opportunity for the international arbitrage of hamburgers, purchasing in London and selling in New York with a profit of 70 cents a meal, before freight costs.

• Alternatively, the international hamburger market is not efficient — the Common Agricultural Policy, again? Either McDonald's outlets in New York are particularly profitable, or their UK venture is proving sticky—ketchup all over the shop.

The Purchasing Power

ment Ministers and Ministries. Americans value hamburgers pp Lael Brainard (in New York)
ment Ministers and Ministries, more highly than we do.

9 St Mark's Place, W11.

Parity theory of exchange rates Charles Target (in London) And totally built to run reliably on and on -day Implied Exchange Rate 1.89

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## **Brussels** draws up plan for **Esprit**

THE EUROPEAN Commission yesterday shrugged off the failure of the Ten to reach agreement on how to finance an EEC development programme for information technology, and announced that it had fashoned a work programme for 1984

The work programme is ready to start if the Council of Ministers gives approval on February 28 to the Ecu 1.4bn (\$1.14bn) European Strategic Programme for Research and Development in Information Technology (Esprit). Esprit would cost the EEC about

Ecu 700m over five years to finance half the cost of a series of transnational research projects.

But West Germany and the UK have withheld approval because of doubts about how the programme can be funded over the full five-year span within the present system of budgetary constraint.

Viscount Davignon, EEC Commissioner for Industry, will seek next Monday to overcome British objections when he meets Mrs Margaret Thatcher, Britain's Prime Minister, and senior members of her Cabinet in London. He has al-

Earlier this week, the Commission failed to persuade Britain and West Germany to accept a start to Esprit on the basis of one year's funding of Ecu 15m.

The work programme planned for this year is designed to follow up a pilot phase of Esprit launched in 1983. It was drawn up by the Commission with help from industrial and academic specialists.

It covers advanced micro-electronics, software technology, advanced information processing, office automation and computer inte-grated manufacturing.

The tempo of work would quicken in the second and succeeding years of Esprit, if the Commission's ideas are accepted by the Ten. The object over the period of five years is to strengthen the EEC's technological ability to compete with the U.S. and

## **Indo-Suez** to raise FFr 1bn

By David Marsh in Paris

BANQUE Indo-Suez, a French Bank, taken under state control in 1982, is raising FFr 1bn (\$118m) to boost its capital resources, through an issue of non-voting loan stock (titres participatifs).

The TP - the nearest thing to equity capital which nationalised banks can raise from the general public - has been increased from the originally envisaged sum of around FFr 700m.

The fund-raising exercise, representing the first foray on to the Paris bourse by a major state bank since the nationalisations two years aco, will increase Indo-Suez's capital resources by about a third from its present total of FFr 3.4bn.

The new issue, to be launched on Monday, is not repayable, unlike the TPs issued by nationalised industrial groups last year, which had

Although TPs fall between bonds and shares in character, the non-repayable nature of the Indo-Suez issue heightens its similarity to a

conventional share offering.

The yield, like that of other TP issues, will comprise a fixed portion geared to bond market interest rates and a variable portion linked to the bank's results.

The fixed portion will be equal to 45 per cent of average monthly yields on the Paris bond market. The variable part will be equal to 30 per cent of average bond market yields multiplied by the percentage increase of the bank's future annual profits compared with the 1982 lev-

A new base will be set for the that Count Lambsdorff was only profits calculations every 20 years. one of a pair of ministers who yes-

Norld Weather

## EEC aims to strengthen control over spending

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is competing a revised proposal for imposing stronger discipline on EEC spending in the hope of nudging governments towards global agreements on agricultural and budgetary reforms. The proposal, which should be

sent to the Council of Ministers next week, will be the first move to break the eerie political silence which has settled on the Communisince the abortive summit in Áthens in December.

It represents the first fruits of the Commission and France as Presi-dent of the Council of Ministers, past three weeks.

The talks have encouraged the Commission to believe that a preliminary agreement could be chalked up this month on ways of controll-ing future Community spending, particularly on agriculture. The hope in Brussels is that such

a breakthrough would generate To this extent, the Commission enough political impetus to bring will be borrowing from important

the Ten to grips with the British budget issue and farm policy reform in time to reach agreements at the summit in Brussels on March 19 und 20.

Most governments, but particu-larly those of Britain and West Germany, support the view that EEC spending must be more effectively controlled if national parliaments are to be asked to raise the current 1 per cent VAT ceiling on the Community's budget revenues.

break new ground by suggesting procedures to obtain a concerted annual approach between itself, the Council of Ministers and the European Parliament on an overall level of budget spending.

The Commission's proposal will

This would aim both at relating expenditure more clearly to available resources and at curbing the parliament's inclination to boost spending beyond the limits desired

To this extent, the Commission

proposals tabled by M Jacques Delors, French Finance Minister, just before the Athens summit. But the Delors plan envisaged changes so radical as to require amendments to the Treaty of Rome. The Com-mission is unwilling to go so far.

Even the French Government ap-pears to have had a change of mind. It subsequently produced a wa-tered-down version of the Delors plan so as to quieten outrage in the European Parliament, which saw the implied Treaty amendments as an attempt to clip its wings.

The Commission will also build on the guideline it produced last May aimed at keeping the annual growth in farm spending below the annual rise in the EEC's budget income. In the new version, the Com-mission goes as far as outlining a "clawback" procedure to deal with the consequences of spending in any one year exceeding the guide

What happens when the money runs out, Page 2

## Westinghouse to discuss sale of Spanish industrial offshoot

REPRESENTATIVES of Westing-house Electric of the U.S. will meet senior Spanish Government officials today to discuss plans for selling the group's industrial opera-tions in Spain. That, according to Westinghouse executives, would in-

Its subsidiary, Westinghouse SA, which has six factories employing Its subsidiary, Westinghouse SA, which has six factories employing about 3,000 people, filed a court apoint 3,000 people weak domestic market for generat-

ing and railway equipment.

The group has blamed its action on the difficulty of adapting to marernment would succeed in pushing through more realistic policies, "it

BY ALAN FRIEDMAN IN MILAN

dorsed the theory that Roberto Cal-vi, the chairman of the collapsed

Bridge in London was murdered.

In a statement to the commission

investigating the banned P-2 free-

masons lodge, Sig Craxi said he thought that Calvi's death could

probably be traced to criminals who

vere connected with the P-2 lodge.

During his testimony before the

Swiss prison last year, was in fact

Continued from Page 1

asked bitterly.

spite our similar conditions? he

However selective Count Lambs-dorff's paraphrase of the indictment

might be, the outburst yesterday

temporarily left the opposition dep-

uties on the committee in disarray.

But the serious difficulties facing

Spanish subsidiary to Arbobyl, a that it has never repatriated any British offshoot of the GMR group, profits since taking a majority based in Lugano, Switzerland, stake in its Spanish license in 1968. which specialises in taking over

The proposed deal is at a token price of 1 peseta per Pta 500 share, or a total of about \$28,600, and Arbobyl has an option to buy the re-

plication for suspension of pay-ments last October because of a making the deal in two stages for accounting reasons. Representatives said that if the

sale was refused, the company would have to seek liquidation of ket conditions and particularly of the Spanish unit. The proposed deal shedding labour. Westinghouse ex-ecutives said yesterday that if they believed the Spanish Socialist Gov-house Nuclear, which is primarily involved in selling technical exper-

line of Italian politicians who have

appeared before the commission to

confirmed that Calvi's wile had

once come to see him while her hus-

band was still alive. She told him

that Calvi had given L30bn (\$17.8m

at present exchange rates) to Sig Craxi's Socialist Party, implying that he should help her husband. Sig Craxi said he only met Sig

at a meeting arranged by a friend of

terday had to testify to committees investigating their conduct, a fact which illustrates the difficulties fac-

Herr Manfred Wörner, the Defence Minister, yesterday continued his explanation of why he had dis-

missed General Günter Kiessling at

the end of last year on the basis of

defective evidence. The general was

Snow Report

Andermatt (Sw) ....200-300 cm Upper slopes - all runs closed Davos (Sw) ......150-250 cm Lifts shut - avalanche risk

24-48 cm Packed powder

24-86 cm Packed powder 12-40 cm Powder

Figures indicate snow depths at top and bottom stations. European reports from Ski Club of Great Britain representatives.

Squaw Valley (Cal) 24-100 cm Hard packed powder

90-155 cm Snowing - all runs powder

105-125 cm New snow on good base

ing Herr Kohl's coalition.

reinstated last week.

Sugarbush (Vt) ....

would be a different story."

Westinghouse, which raised its areas of overcapacity, is situated in the main Spanish unit two stake in the main Spanish unit two years ago to 93.6 per cent, argues try.

SIG BETTINO CRAXI, the Italian people," Sig Craxi said.

Prime Minister, appears to have en-

Banco Ambrosiano group who was give their views. In his testimony found dead under Blackfriars on Wednesday, the Prime Minister

commission of enquiry, Sig Craxi also said he did not think that Sig Licio Gelli, who escaped from a ago at the Hotel Raphael in Rome,

the head of the P-2 Group. "I never Sig Craxi. But Sig Craxi, who was thought he was the leader. In my not yet Prime Minister at the time,

opinion Gelli was only a sort of gen-eral-secretary of the organisation P-2 and only said he had important

Rebuttal by Lambsdorff

who could rely on many influential and influential friends.

to P-2 by Craxi

Royalty payments for licenses were suspended under a restructuring plan in 1982.

It said it declared a suspension of payments because the Spanish unit was consuming \$1m in cash a month. Its Spanish chairman, Sr Santiago Foncillas, resigned over

Westinghouse SA, according to the U.S. parent, lost at least S6m last year on sales of about \$80m. Last September, the company told the Spanish Government it could not fulfil the terms of its restructur ing plan, which included export commitments, and that it needed to

scale down the company.

The labour issue is particularly delicate, since group turbine gen erator production, one of the main

## Calvi's death linked | O&K drops Hanomag

ORENSTEIN & KOPPEL, the West German engineering group, has dropped its bid to take over part of concern, which has slipped into bankruptcy.

O & K's decision, announced ves for Hanomag.

O & K was ready to take over enough of Hanomag's output to

But O & K said it had concluded

Now that O & K has withdrawn. the prospects for Hanomag's surviv-al look dim. It had been talking to several other companies, but O & K looked the most likely to make a takeover offer.

Horst Dieter Esch, employed about 2,500 people. It was drawn into bankruptcy proceedings last week after battling for more than two months to reach a court-administered settlement with its creditors.

# takeover

By Our Frankfurt Correspondent

the production of Hanomag, the Hanover-based building machinery

terday, follows lengthy talks that early this week seemed close to accord on at least an interim solution

maintain up to 1,000 jobs in Hanover over the next 18 months. Meanwhile, a longer-range solution

that the scheme could not be realised without a danger of sharply in-

At its height, Hanomag, part of the now defunct IBH group of Herr

## **Investors** see AEG on road to recovery

THE WEST GERMAN stock market has a new and surprising star. It is AEG-Telefunken, the battered electricals giant, which only a year ago was still fighting to stave off financial collapse. Now its share price is reaching heights unknown for years. Yes-terday it touched DM 107, compared with DM 80 at the end of last year and the record low of DM 23 in August 1982.

Since the start of this year alone more than 3.5m AEG shares have changed hands. It is true that the stock market is buoyant, but there is more to the AEG case than that. Many investors feel that after years of de-cline the group may at last be on the way up. They want to share the profits as it rise.

The company will not be announcing its 1983 results for a few weeks yet and the figures available for the first 10 months are not striking. Turnover was up by 1 per cent to DM 9bn (\$3.2bn) and orders were down by 4 per

There is no official word on earnings. But hints from AEG, quickly registered by investors, indicate that the group came close to breaking even last year. At first sight, that is not much of an achievement. But in 1982 AEG ran up an operating loss of DM 932m, more than double the 1981 figure, and finally had to seek courts protection from its credi-

For months, the fate of the balance until public authorities and the banks rallied round. Last March creditors voted to write off 60 per cent of their DM 5.9bn loans and a new chapter of the AEG saga began.

Initially most people were sceptical. They had seen several fruitless bids before to rescue AEG and there were doubts whether Herr Heinz Dürr, chief executive since 1980, could succeed where others had failed. That mood has changed.

AEG has disposed of its lossmaking video and audio subsidiary Telefunken (to Thomson-Brandt of France). It has streamlined its domestic appliances op-eration and cut production ca-pacity at its office equipment affiliate, Olympia, another "prob-lem child." The labour force is now down to about 87,000, com-pared with 124,000 at the end of

Moreover, more than half of the group's turnover comes from the electrical engineering sector including power distribution, industrial plant equipment, rail-way and road traffic systems and turbines. Even its competitors agree that AEG is strong in those divisions, and that it will benefit markedly from the stronger economic recovery emerging this

Against that, AEG lost control of one of its brightest assets, the telecommunications subsidiary AEG-Telefunken Nachrichten-technik (ATN), because of the group's financial problems - and is now involved in a tortuous legal battle to get more money from the buyers, the West German engineering concerns Man-nesmann and Robert Bosch.

Even if AEG goes well into the black this year, it is likely to be a long time before it resumes divi-dend payments, suspended a decade ago. Any profits will need to be pumped back into the busi-

None of that, however, is deterring the stock marketeers. There was a time when the dread Vergleich - composition proceedings for companies unable to pay their bills - was widely taken to imply the end of the road for a stricken concern. It has become a sadly familiar word in West Germany over the last year or two. But the success of a Vergleich in the case of a well known company such as AEG-Telefunk-en might lead to a general reassessment of the term - not the end of the road, but the begin-

## THE LEX COLUMN

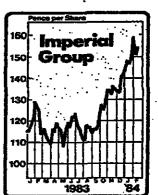
## Imperial back in the purple

Imperial Group's return from the ashes has been closely tracked by its rising share price - trebled to 154p since the dark days of 1981 and the recovery was finally given official status yesterday by the com-pany's first dividend increase since 1979. Like everything else in the comprehensively revamped Imperi-al, however, the dividend increase -7.6 per cent - looks like the product of a carefully defined constraint; in this case, the precise degree of

The benefits of strategic manage ment appear clear-cut at present. With the exception of Howard Johnson, all Imperial's activities seem to have responded successfully to demands for "best practice" returns on capital, aided by a continuing heavy programme of rationalisation. In tobacco, particularly, this is going together with firmer pricing to create wider margins, and the overall extraordinary provisions of £49.7m suggest that there could be further worthwhile cost savings in the current year.

Imperial's cash-accumulating power is proving impressive; gear-ing has dropped from 79 per cent of shareholders' funds to 27 per cent in three years despite weighty write-downs. Worries that the group might misuse this ability by lashing out on another large takeover are being consciously deflected by an emphasis on piecemeal develop-ments within existing activities; even the mature businesses have their growth points, such as takehome beer and longer cigarettes. Yet there must be a risk that the market's enthusiasm for this strategy may prove more limited over the next year or two as the recovery

Lonrho's share price has climbed more than 25 per cent relative to the rest of the market over the past three months. The move no doubt owes something to an ageing bull market's less discriminating enthusiasm for all apparently undervalued stocks. But it does also signal a perceptible change of heart among some institutional investors towards the company. Lonrho might next year think about rewarding any new supporters in the City of London with a rather less peremptory statement of its preliminary releast the message they carry this soon have become uncomfortable.



mance, particularly in platinum; but Lonrho has also done well enough from its growing hotel and casino operations to lend credibility to ru-

mours of further takeover plans in

Minimal capital expenditure and

disposals worth £30m or more have

helped produce a positive cash flow and the reduction in interest

charges from £95m to £86m points

to some debt reduction. The shares

10p paid in 1979-80 or even better.

The London stock market gave a

chosen the wiser course.

in that division's

**Fisons** 

ing from zero to around 10 to 12 per cent, but there should be a small net contribution to earnings per

share in 1984 - subject, of course, to exchange rates. But in financing the acquisition with paper, Fisons has arguably used a strong UK stock market to combat the strength of the dollar.

The Curtin acquisition will make Fisons number two in the U.S. diag-nostics market. Taking on Curtin's

ichian ad re

#### Tax avoidance

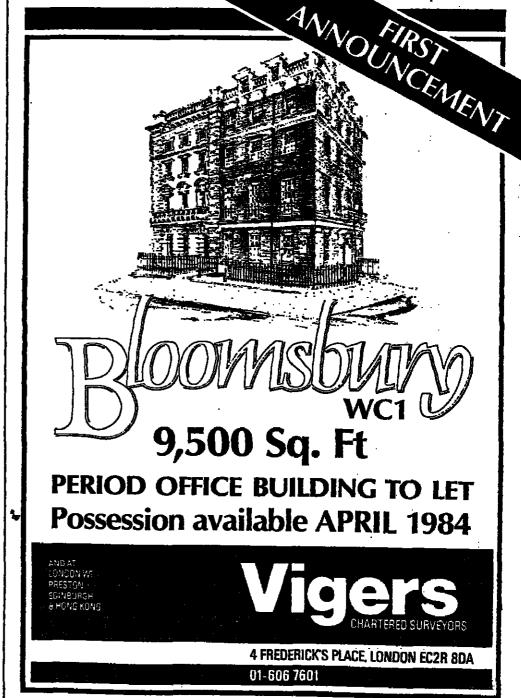
Many of the operations that fiyear will be pleasing enough to most shareholders, in the City and nance directors and investors engage in as a matter of routine to cul their tax bills must now be under Pre-tax profits at £113.2m have threat after yesterday's wide-rangrebounded 51 per cent from the pre-vious year to regain their 1980-81 level. Rising commodity prices have evidently underpinned this perforing ruling on tax avoidance from the House of Lords.

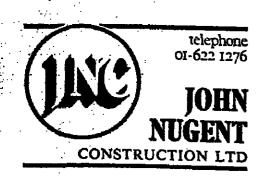
The Inland Revenue has accepted in the past that the purpose of these operations has generally been merely to side-step an anomaly of the tax system which would have operated unfairly against the tax-payer. But now the Law Lords appear to have moved against any transaction which is designed purely to avoid tax. Top of the list of anomalies is the provision for the group relief of capital gains tax; companies may now be unable to avoid the tax by transferring assets into subsidiaries with capital losses. as has become general practice.

at 130p, up 2p, are yielding 10.4 per cent and another "special dividend" in 1983-84 promises a return to the The Lords may have served to inject more commercial realism into tax-sensitive affairs - but legislative changes could be needed to remove all the anomalies which are now more glaring than ever.

#### cool reception yesterday to Fisons' \$50m acquisition of U.S. health care company Curtin Matheson, mark-Hanson/London Brick ing the shares down 19p to 744p. There had been hopes of a major

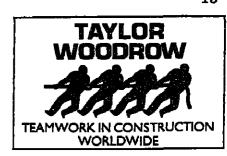
London Brick hoped that its novacquisition in pharmaceuticals; but el valuation of clay reserves as a in declining, for the moment, to form of fossilised future income move further into that glamorous could be kept back as a means of rebut high-risk area, Fisons may have pulsing an eventual increased offer from Lord Hanson. Now that the Some 80 per cent of Fisons' pres- Takeover Panel has enforced the ent pharmaceutical profits are ulti- advance revelation that this income mately derived from one compound, stream is valued (at a 10 per cent sodium cromoglycate. By comparidiscount rate) at £180m, it may afson with Beecham or Glaxo, Fisons' ter all function as an excuse for relatively small R&D department Hanson to break with tradition and makes the chances of finding a win-raise his sights for a second time. ning successor that much smaller. Certainly the London Brick share Given the relatively quicker growth price yesterday was well short of without the 215p of estimated assets, but at suits - the profit-and-loss account corrective action Fisons' depen- 155p it is similarly out of reach of has just five useful lines - but at dence on pharmaceuticals might Hanson's convertible - currently





## SECTION II - INTERNATIONAL COMPANIES FINANCIALTIMES

Friday February 10 1984



## Schlumberger profit Bouygues and revenue tumble

BY TERRY DODSWORTH IN NEW YORK

berger, the leading U.S. well testing prior quarter. company, suffered a 20 per cent fall in net income in 1983 from \$1.35bn, or \$4.60 a share, to \$1.06bn, or \$3.73

clined by 11 per cent compared with a year ago, with the low level of ac-The decline in earnings contin-ued in the fourth quarter, when net and Africa. profits came to \$260m, or 90 cents a share, against \$311m, or \$1.06 provement in the measurement share. These results also repre-sented a fall on the third quarter figures, when net profits amounted to \$278.7m, or 96 cents a share.

Revenues fell in the quarter from \$1.51bn to \$1.49bn, and in the year were down from \$6.28bn to \$5.80bn. tional, the New Orleans-based ener-

Mr Jean Riboud, chairman, said the results came close to what was anticipated. Apart from the higher 31 from \$60.7m or \$1.64 a share to

forecasts **10%** rise DESPITE a recovery in North end of the year, and North Ameri-American oil drilling rig activity can oilfield revenue in the third and fourth quarters each exceeded the in earnings

By Paul Betts in Paris

BOUYGUES, the French construction group, expects its consolidated net earnings to increase by 10 per cent to FFr 320m (\$37.7m) for 1983 from FFr 290m the previous year.

The company also said yesterday that its sales last year rose 30 per cent to FFr 18bn from FFr 13.8bn in 1982. Orders at the beginning of the year totalled FFr 22.4bn. On that basis, the private construction group is envisaging sales of about FFr 19bn this year, of which 44 per cent would be accounted for by foreign operations.

The company said its operations in France remained "satisfactory" drilling rig count, offshore activity \$131.1m or \$3.30, despite a fall in in a difficult economic environalso improved significantly, at the revenues from \$2.92bn to \$2.37bn. ment. Abroad, new orders in development ment. Abroad, new orders in developing countries had been less than expected last year. The outlook for new orders from those countries this year was not more encouraging, suggesting a decline in activity in those countries next year.

However, Bouygues said it had encouraging prospects for future development in the North American market

Bouygues is currently building the new University of Riyadh in Saudi Arabia, due to be completed on schedule this summer. But M Francis Bouygues, chairman, reported to the company's board vesterday that there were some delays in payment by Saudi Arabia.

## Strike drags Greyhound result lower

By Terry Byland in New York

GREYHOUND Corporation, hit by a 47-day strike at its bus subsidiary Greyhound Lines, reduced earnings in the fourth quarter, Mr John Teets, chairman and chief executive, disclosed yesterday.

In the final quarter of 1983, a loss of \$9m on continuing operations compared with a \$23m profit a year earlier, although final net income edged up from \$23.6m to \$24.2m after taking in gains from the sale of

## Merger expert warns U.S. banks on advisory fees THE HUGE fees being charged by top New York investment banks for advising on takeover deals are like over deals for ITT in the 1960s and through. by \$750,000 if it should fail to go through. The Huge fees being charged by through through through through. Investment bankers are coy on the existing investment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms, whose ment banks, this trend might also the big law firms. ly to lead to a serious backlash from

"The level of these fees is beyond what is reasonable and decent," he said in a recent interview. They

Felix Rohatyn, the leading merger

and acquisition specialist at Lazard

are going to cause a lot of trouble for all of us."

Mr Rohatyn is himself involved in a major corporate struggle, representing Warner Communications in fending off the unwanted attack from Mr Rupert Murdoch's News Corporation, and advising on the blocking deal recently arranged be-tween Warner and Chris-Craft In-

terminding a series of major take-

York City from bankruptcy as chairman of the Municipal Assiscorporate clients, according to Mr

tance Corporation from 1975. His views on fees are strongly rejected by other New York investment bankers. According to one of them: There are a lot of people who are willing to charge low fees. But it's like medicine. If you are having a heart transplant you don't want your local physician doing it."

In any case it is suggested that companies have a choice between being charged on an incentive basis and on a flat fee basis. The really big fees result from the investment banker taking credit for a success-ful deal but also taking the risk that it may fail. Texaco will pay First Boston \$10m on completion of the Getty Oil takeover, but perhaps on- that lays the golden egg," said Mr

BY BARRY RILEY IN LONDON

exactly how the fees are worked out. They are certainly not calculated on any cost-plus basis related to the executive hours put in and oth-er expenses incurred. Sometimes there is an element of percentage charging in proportion to the gross value of a takeover deal. But bankers may also claim their share of what they regard as the value added as a result of their advice.

Recent multi-billion dollar takeover deals have generated very high fees. Goldman Sachs, for instance, stands to earn \$18m from Getty Oil as a result of the company's takeover by Texaco. This was exceptional, but fees in the \$4m to \$5m range are not uncommon.

disclosed under U.S. regulations. Mr Rohatyn considered that the fee structure had got out of control because individual deals had become so large. The charges bore no relation to the actual work done,

similar fees are not required to be

and the payments were largely dependent on the completion of a transaction, whereas the right advice was often to do nothing. "The fee structure shouldn't be so skewed to doing the deal," he said. "We are all going to suffer from this in due course," he warned. "We are being held in lower and lower

esteem by our clients." The backlash would take the form, he suggested, of a trend for major U.S. corporations to do more and more of their investment bank-

have a harmful effect on efforts to regulate the takeover scene.

Other bankers, however, reject the idea that they might be pricing themselves out of a job.

The best example of an aggressive, growing investment bank in the mergers and acquisitions field is probably First Boston, which has been jostling with Goldman Sachs for the position of top M and A fee

earner in the past couple of years. Some eyebrows have been raised by First Boston's \$10m fee earned for advising Texaco in the Getty Oil affair, a sum picked up apparently

that it is misleading to relate the fee solely to the work involved in this particular transaction.

SEC looks at

plan for more

THE SECURITIES and Exchange

Commission will consider a propos-

al to require public companies to make more frequent disclosures about their financial performance.

Under the proposal, companies

would have to provide information

disclosure

for only a few days' work. But the view from First Boston is

## Improved margins help Aga increase dividend

BY KEVIN DONE IN STOCKHOLM

AGA, the Swedish industrial gas erations increased sales by 8 per company, increased its profits sub- cent to SKr 3.59bn and operating instantially last year, helped by im- come in this division also rose by 8 proved margins and the strong re- per cent. covery by Frigoscandia, its refriger-ation and cold-storage subsidiary.

Profits, before taxes, year-end provisions and non-recurring items, cal restructuring over the last two rose by 22 per cent to SKr 585m years. (\$72m) from SKr 481m a year earlier. The company is increasing its dividend payment by 14 per cent to SKr 10 per share from SKr 8.75 in SKr 10 per share from SKr 8.75 in provement was partly offset by eco-

AGA, the world's fifth largest industrial gas group, increased sales by 7 per cent to SKr 5.3bn from SKr Around 21 per cent of group

Sweden, and has more than 65 per nancial position following last cent of its assets abroad. Its gas op- year's share issue,

In total, however, oilfield services

revenue in the fourth quarter de-

tivity continuing in Latin America

The last quarter also saw an im-

control and components division

where revenue rose by 12 per cent,

while strong demand for semicon-ductors in North America led to an

upturn at Fairchild and in computer

In contrast McDermott Interna-

gy services group, boosted net prof-

its for the nine months to December

Operating income from the Frigoscandia division rose by 65 per cent to SKr 102m, following a radi-

nomic stagnation and devaluations in several Latin American coun-

Around 21 per cent of group sales are derived from Latin America. The group derives around three quarters of its sales from outside was also helped by its stronger fi-

## Heavy truck market revival lifts Cummins

THE RECOVERY in the U.S. heavy truck market in the second half of last year was reflected by fourthquarter earnings at Cummins Engine, which increased from \$4.2m net in 1982 to \$30.2m last year. This is equivalent to \$3.17 a share for the final quarter.

As a result of this turnround, the diesel engine manufacturer was able to declare a profit for the year of \$5.2m net. Despite a \$19.5m nonrecurring charge in the second quarter, and a nine-months loss of \$25m. Sales for the year rose from \$1.59bn to \$1.6bn and during the fi-nal quarter increased from \$361.5m to \$483.7m.

The strength of the surge in truck sales is underlined by the Cummins' third-quarter figures when it earned only 51.5m or 15 cents a

The company said yesterday that t had been helped last year by lower Manufacturing costs and im- structuring was sharply down, but months to the end of November, proved productivity.

During the year as a whole, it claimed that its share of the North American heavy duty truck engine market rose from 54.5 per cent to 63.2 per cent, as its new engine lines improved fuel economy and performance of existing products.

The company said it was expectter taking in gains from the sale of discontinued businesses. Sales fell throughout this year. It is forecastcost the company an estimated 140,000 units in North America this

## Offer expected for Gotthard Bank

BY JOHN WICKS IN ZURICH

GOTTHARD BANK of Lugano, is company said that discussions "inexpecting offers for a controlling in-volve a number of international financial institutions and are at an terest, according to Dr Fernando

Garzoni, group chairman.

A divestment of the shareholding owned by Banco Ambrosiano Holding was likely to be announced be-

fore Gotthard Bank's general meet-

Océ-van der Grinten well ahead

advanced stage."

AN 18 per cent earnings rise in 1983 tax increased by a third, leaving net Oce reports a favourable develophas further consolidated the posi-tion of Océ-van der Grinten, the Group sales Group sales were held back reprographics group, as one of the throughout much of 1983 by the most successful large companies in continuing effects of the economic recession. In the last quarter, how-

BY WALTER ELLIS IN AMSTERDAM

the Netherlands. While sales volume last year at Fl ever, there was a 6 per cent growth, 1.66bn (\$532m), was only marginal to FL 454m. Against this, operating ly up on 1982, operating profit rose costs for the year, which were by 3 per cent, to Fl 128m. Interest slightly down on those for 1982, accharges relating to previous re- tually rose by Fl 10.8m in the three

est date for the transaction, recently postponed until February 24.

might again be put back.

Dr Garzoni indicated that the lat-

ing on April 10.

More than half of the voting last November by the London comThe Luxembourg-based holding shares of the bank are held by the pany. Credit Suisse First Boston.

control by the Luxembourg authorities following the collapse of its majority shareholders, the Italian Banco Ambrosiano.

holding company, itself subject to

The negotiations are based on a "selling memorandum" drawn up last November by the London com-

ment over the year for its office sys-

tems division, centred on photocop-

iers but now including word-proces-

sors. Sales in the design engineer-

ing division - which includes print-

ers, computer-aided systems and

microfilm machinery - were main-

Océ has proposed a dividend for

1983 of Fl 8.40, compared with Fl 8

tained at a "satisfactory" level.

to the public on the performance of each of their areas of business on a quarterly basis. At present this information is required to be disclosed once a year. Public companies are required to

file quarterly reports containing considerable financial information. The proposal stems from an informal meeting in November 1982 between SEC commissioners, staff members and a small group of financial analysts and investment

advisers. At the meeting, the analysts and dvisers said more frequent reporting by industry sector would help them to keep tabs on the market, a SEC official said.



## Province de Québec

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The Issue Yield (as defined in, and calculated in accordance with the terms of, the Prospectus dated 8th February, 1984) on the above Stock is 12.532

Subject to the provisions of the above-mentioned Prospectus, the Stock will, on issue, bear interest at the rate of 121 per cent per annum, payable semi-annually, and the issue price is £97.800

S. G. Warburg & Co. Ltd.

10th February, 1984

THE NIPPON CREDIT BANK (CURACAO) FINANCE N.V. US\$30,000,000 Guaranteed Floating Rate Notes due 1987.



Payment of the principal of, and interest on, the otes is unconditionally and irrevocably guaranteed by

#### THE NIPPON CREDIT BANK LTD.

(Kabushiki Kalsha Nippon Saiken Shinyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between the Nippon Credit Bank (Curação) Finance N.V. and Citibank, N.A., dated February 4, 1980, notice is hereby given that the Rate of Interest has been fixed at 10.11 pa and that the interest payable on the relevant Interest Payment Date, May 10, 1984, against Coupon No. 17, will be US\$127.34.

February 10, 1984, London By: Cicibank, N.A. (CSSI Dept), Agent Bank

NIPPON CREDIT BANK (CURACAO) FINANCE N.V. US\$\$0,000,000



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

## THE NIPPON CREDIT BANK LTD.

(Kabushiki Kaisha Nippon Saiken Shinyo Ginko)

In accordance with the provisions of the Notes and the Reference Agency. Agreement between the Nippon Credit Bank (Curação) Finance N.V. and Citibank, N.A., dated February 2, 1982, notice is hereby given that the Rate of Interest for the initial interest period has been fixed at 10½, 2 ps and that the interest payable on the relevant interest symmet Date, August 10, 1984, against Course No. 5 will be 18851503 Coupon No. 5, will be US\$515.03.

February 10, 1984, London By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBAN(

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This announcement appears as a matter of record only.



## The Guinness Mahon **Venture Founders Fund** Limited

£12 million was raised by a

## Private offer for subscription

through an issue of ordinary shares and redeemable preference shares

The issue was placed by

**Guinness Mahon & Co. Limited** 

## INTL. COMPANIES & FINANCE

New Issue

This announcement appears as a matter of record only

February 1984

PKBANKEN



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(SWEDISH EXPORT CREDIT CORPORATION)

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MERRILL LYNCH CAPITAL MARKETS PRUDENTIAL-BACHE

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Standard Chartered Merchant Bank Limited
Westdentsche Landesbank Wood Gundy Limited

1

nal (Europe) Limited

## **HK** Telephone tells investors to keep shares

HONG KONG — Hong Kong Telephone has advised share-holders to retain their holdings rather than accepting the gene-ral offer for its shares from Cable and Wireless of the UK.

The 1983 unaudited profits of HK Telephone have been esti-mated at HK\$403m (US\$51.7m). 38.8 per cent above those of

Cable and Wireless (C and W) have confirmed that they will honour the HK\$5bn investment programme of HK Telephone for the next five years. The HK\$500m a year programme for C and W's local unit is also to be continued, said Mr Brian Pemberton, the company's Far East director.

#### North American quarterly results

Fourth quarter	1983 5	1982 \$
Revenue	_	-
Net profits	67.9m	73.5m
Net per share Year	0.66	0,79
Revenue	<del>-</del>	
Net profits	317,500	221.3m
Net per share	3.11	2.63
CENTEX		
Third quarter	1983	1982
_		
Revenue	295.3m	244.4m
Net profits	12.6m	9.22m
Net per share Nine months	0.63	0.46
Revenue	858.1m	715.4m
Net profits	38.5m	25.5ta
	1.93	1.29
Net per share		
Net per share		

161.3m 6.28 1983

This advertisement complies with the requirements of the Council of The Stock Exchange.



U.S. \$100,000,000

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MITSUBISHI FINANCE INTERNATIONAL LIMITED NOMURA INTERNATIONAL LIMITED POSTIPANKKI SALOMON BROTHERS INTERNATIONAL LIMITED

Union Bank of Finland Ltd.

The Notes, issued at 100 per cent in denominations of U.S.\$10,000, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note. Interest is payable semi-annually in August and February, the first payment being made in August 1984. Full particulars of the Notes and the Issuer are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 24th February, 1984 from:-

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. 10th February, 1984

Morgan Guaranty Ltd, 30 Throgmorton Street, London EC2N 2NT.

All of these notes having been placed, this an-

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

DM 100,000,000

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Deutsche Bank

Dresdner Bank

Commerzbank

Westdeutsche Landesbank Girozentrale

## Bell Resources has 2.3% holding in BHP

BY MICHAEL THOMPSON-NOEL IN MELBOURNE

ishing investment offshoot of Bell Resources, which has been are Rabert Bolmes a Court's a steady and heavy buyer of BHP Bell Group, has extended its holding in Broken Hill Pro-prietory (BHP). Australia's largest company, to Sm shares and options equivalent to approximately 2.3 per cent of

BHP's issued shares. Mr Holmes a Court said yes-terday this made Bell Resources BHP's second largest individual shareholder, after the Australian Mutual Provident

Last August. Mr Holmes a Court launched an audacious offer for BHP shares, via the formerly obscure Wigmores. His basic promise was that he could out-perform Australia's not far short of A\$200m against biggest company. The initial only A\$40m six months ago.

BHP shares. Since then, Wig-Bell Resources holds approxi-

Fourth quarter	1983 5	1982
Revenue	_	_
Net profits	67.9m	73.5m
Net per share Year	0.66	0,79
Revenue		
Net profits	317.500	221.3m
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CENTEX		
Third quarter	1983	1982
Revenue	285.3m	\$ 244.4m
Net profits	12.6m	9.22m
Net per share	0.63	0.46
Revenue	858.1m	715.4m
Net profits	38.5m	25.5m
Net per share	1.93	1.29
TEXAS EASTERN		
Year	1983	1982
1001		
1001		

**NISSHO IWAI CORPORATION** 

U.S. \$40,000,000 8 PER CENT. **CONVERTIBLE BONUS 1996** 

Pursuant to Clause 7(B) and (C) of the Trust Deed dated 16th October, 1980 under which the above mentioned Bonds were above-mentioned Bonds were issued, notice is hereby given that, as a result of a free distribution of shares of common stock of the Company to shareholders of record as of 31st March, 1984. Japan Time, at the rate of 0.10 new share for each share held, the conversion price of the Bonds will be adjusted from Yen 388 per share of common stock to Yen share of common stock to Yen 361.10 per share of common stock flaking into consideration a pre-vious public offering resulting in an adjustment of less than one Yent, effective as from 1st April, 1984, Japan Time,

NISSHO IWAI CORPORATION By: The Bank of Tokyo Trust Company Dated: 10th February, 1984

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U.S.\$300,000,000 Électricité de France Toating Rate Notes due 1995 and Warrants to Purchase U.S.\$150,000,008 103<sub>8</sub>% Bonds due 1993

The Notes and Bonds will be unconditionally guaranteed by The Republic of France

for the so menths from -10th February 1984 to 10th August 1984 tom regressy tests to communications the notes will carry an interest falls of 10°. 4° per annum.

The interest payable on the relevant interest payment date. 10th August 1984, against Coopen No. 3 will be U.S. \$5.21.35 per U.S. \$10.000 note.

Agent Bank: Morgen Guaranty Trest Company of New York

BELL RESOURCES, the flour- mores have been converted into mately 5m shares in Weeks ordinary profit of A\$1m result-Australia—the 51 per cent-owned Australian subsidiary of Weeks Petroleum. Bell Group expanded its holding in the Weeks parent company to 46 In addition, Bell Resources vesterday formally signed an agreement to acquire a 5 per per cent-effective control— share, last week.

cent stake in two major coal consortia being formed by BIIP The dramatic success, thus as a result of BHP's acquisition of Utah International from General Electric of the U.S. cent stake in the consortia cost interests—has prompted con-A\$137.5m (U.S.\$127.6m). It is fecture that he is gearing up negotiating an option on a for a second, and much more further 5 per cent stake in each, determined assault on Burn to be purchased from GF to be purchased from GE.
Given the large number of
Bell Resources options on issue
the company's potential market

Yesterday Bell Resources an-

ing from the sale of Wigmores' tractor operations for A\$10m to Bell Brothers Holdings. Bell Resources has maintained its interim dividend at 10 cents a

 Australia's regulatory body, the National Companies and far, of Mr Holmes a Court's Securities Commission, is hold-BHP play—and his relatively sudden emergence as a major following Bell's purchase of a buyer of Australian Resource controlling interest in Weeks controlling interest in Weeks Petroleum, reports Reuter from

Melhourne.
The NCSC is examining the issues relating to the purchase of shares in Weeks Petroleum. For while none of the Weeks Petroleum shares were purnounced an interim net operating profit for the six month; to December 1983 of A\$1.4m, up 20.1 per cent on the previous corresponding period.

There was also an extra-

## NZ interest rates forced down

AFTER A week of heavy pressure and threats from Sir Robert Muldoon, New Zealand's Prime Minister, the country's finance houses and trading banks have agreed to lower their nterest rates on deposits to 11

Last year. Sir Robert acted to force down interest rates on new house and land mortgages to 11 per cent. Previously, they had been running at between 15 and 18 per cent.

The new rates did not apply to existing mortgages. Yesterday, however, under the

NOTICE TO HOLDERS OF

Earlier this year, the Prime Minister told finance houses that he wanted a general lowering of leposit interest rates. This week

he put heavy pressure on the financial institutions and on the trading banks. He threatened that, if he did not get agreement before he left for a month's tour of Britain and Europe he would impose regula-tions which would result in the finance houses operating at a

pressure from Sir Robert, one building society moved to reduce The Prime Minister also threatened to impose direct controls over trading bank lendthe interest charges on existing ing rates. Deputations from banks and

finance houses have failed to budge Sir Robert. On Wednesday, they were told bluntly: "Move or else." Some bankers have been aghast at the pres-sure applied and the threats made by the Prime Minister. One banker described the Prime Minister's action as "appalling." The threat to legislate to

India rejects Alcan merger

Montreal — Alcan Aluminium said the Government of India has decided not to grant approval of the proposed merger of Indian Aluminium, 50.5 per cent owned by Alcan Aluminium and Mahindra Mihaindra, a diversified Indian company engaged in the 2010. company engaged in the auto-motive and agricultural equip-

ment sectors.

Alcan said the tentative merger, which was announced on September 29, 1982, was subject to several government and regulatory approvals and had received the support of the cast force private companies to run received the support of the east at a loss has been described as "truly amazing."

SEK

U.S. \$75,000,000

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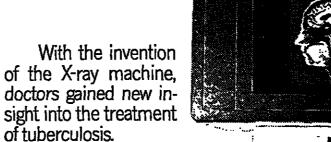
and Warrants to purchase U.S. \$112,500,000 141% Bonds due 1990

In accordance with the provisions of the Notes, for the period 10th February, 1984 to 10th August, 1984 the Notes will carry an interest rate of 101 is per cent per annum.

The amount of interest payable on the relevant interest payment date, 10th August, 1984, will be U.S.\$508.72 per U.S.\$10,000 and U.S.\$50.87 per U.S.\$1,000. Agent Bank:

Morgan Guaranty Trust Company of New York

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But meanwhile we still need funds.

To keep research running and to care for over 50,000 sufferers, young and old, costs us over £3 million a year.

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## THE PROPERTY MARKET BY MICHAEL CASSELL

## Australian revival underway

with the Australian property property owning subsidiaries. Cain, Victoria's premier. market apparently set for a Bob Salisbury, chief execumarket apparently set for a strong recovery, foreign investors and developers are the Australian agents who have

The Melbourne Central site the Australian agents who have assemble and there is planning content for a scheme involving the prospect of a friendly But he says it is not impossible welcome from the dreaded to climb and believes it is well Investment Review

While the longer-term potential for the Australian economy for profitable investment. makes it a potentially attractive market for property men from market for property men from Kerr, partner in charge of overseas, the prospect of a Richard Ellis in Australia, who fight with the FIRB invariably was also in London this week. stifiles their enthusiasm

As watchdog for Australian policy on domestic investment by foreigners, the FIRB advises the government on whether proposed investment will bring economic benefits to Australia or whether it will simply fatten up foreign speculators.

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thi merge

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There are some daunting guidelines. Every real estate interest and there must be proven net economic benefits to

Many potential investors have been shown the door and others have had to perform some deli-cate manoeuvres in order to win through MEPC for example, bad to buy itself a minority stake in a property unit trust in order to revitalise a dying Australian development pro-gramme and Hammerson held

worth the effort, given Australia's growing importance in the Pacific basin and the potential

His view is shared by Bill Kerr it is who is seeking in-Vestors and developers keen to play a role in the A\$200m-300m development of Melbourne Cen-tral, an office, retail and hotel scheme planned for a site in the heart of the city.

"Many outsiders think that investment in Australia is now virtually impossible because of FIRB rules. There are, in fact, no rules and the guidelines set investment over A\$350,000 is no rules and the guidelines set subject to approval, equity participation must involve a minimum 50 per cent Australian repeatedly proved its flexibility interest and there must be and providing investors appresent ciate Australia's desire to en-sure their activities are of benefit to Australians, approval can be forthcoming." Kerr em-

Given his search in Asia, the UK and the United States for partners to join the Victoria government in developing the Melbourne site, Kerr obviously believes approval will be forthcoming in this particular case, its breath last year when seek. The scheme, together with the ing approval to acquire the prospect of foreign participaminority interests in a string of tion, is fully endorsed by John

about to be offered not only the chance to participate in one of the country's most ambitious development schemes but also development schemes but also for interested foreign investors.

The has are it is not impossible and there is planning consent for a scheme involving up to 250,000 sq ft of offices and an hotel. Kerr says 250,000 sq ft of offices and an hotel. Kerr says 250,000 sq ft of offices is feasible. sq ft of offices is feasible.

It seems that any deal which will see development begin will be considered, including outright sale of the site, a leasing arrangement, a joint venture or a consortium approach. terests must be registered by March 26.

But if the prospect is so starctive, why the need to search overseas for money and development expertise? "The development expertise? "The development is of such importance that we want it to be the best and that means spreading the net as wide as we can. For those wanting to establish or expand their Australian property interests, there will be no better opportunity.'

As for the remainder of the Australian market, there are distinct signs that, after two flat years, demand and rents are rising while yields are quickly coming down. Institutional investors, recently net sellers of property, are back in the market and

having to compete with the rash

of property trusts which are being formed at a spectacular rate-30 last year alone-With top office rents in Sydney at around £17 a sq ft, yields have been standing at 61-7 per cent. Kerr says they have come back to 61 per cent in the short time he has been

## **Eagle Star plans** major City scheme

EAGLE STAR Properties is planning to demolish a 20-year old City of London office building on the northern end of Southwark Bridge and develop 138,500 sq ft of new office accommodation.

Eagle Star holds a lease on

Malvern House, Upper Thames Street, now largely empty and which incorporates a car showroom at ground floor level. The City of London is the freeholder and talks between the two sides, prior to submission of a planning application, are being held. Eagle Star is believed to want a new, 125-year lease. ◆ Canadian Dutch Properties has finally let Dorset House, has finally let Dorset House, the 89,500 sq ft office building close to the southern end of Blackfriars Bridge. Customs & Excise will be paying about £900,000 a year rent (around £10 a sq ft) for the offices, on the market since the summer of 1982. A deal at about £12.50 a sq ft was close a year ago and, more recently, the asking price was about £11 a sq ft. Debenham about £11 a sq ft. Debenham Tewson & Chinnocks and Jones Lang Wootton acted for

the developer.

Brixton Estate has paid Legal and General's Life Fund £8.5m for the freshold of Argent House, the 87,000 sq ft office building in sq ft office bunuing in Finsbury Square EC2. The property has been vacant since August 1982, when Iranian Oil Services was wound up. Richard Ellis and Weatherall Green and Smith

Oliphant and Tribe repre-sented Brixton.

Midland Bank Pension Trust has let 25,000 sq ft—on four floors—in Griffin House, next to Charing Cross station. at a rent of around £19 a sq ft. The tenant is Enterprise oil, represented by Richard Ellis. The remaining 40,000 sq ft is being offered through Jones Lang Wootton.

London Shop Property Trust has paid around £2m for the freehold of Knowless.

House, Redhill, comprising twelve shops and 23,500 sq ft of offices—let to the Civil Aviation Authority.

Cannon Group has paid close to \$450,000 for a site in

Vale Avenue, Tumbridge Wells, and intends to develop a 16,500 sq ft office bullding. Peter Taylor acquired the site and arranged a £1.8m funding and arranged a £1.8m funding facility with Royal Life Insurance, advised by St. Quintin. Both agents will be responsible for letting.

European Banking Company is moving from 150 Leadenhall St., City, and Savills will be seeking a six-figure premium for an assign. figure premium for an assignment of the lease on the 19,000

sq ft of office space on three floors, together with 1,700 sq ft of storage space, fixtures and fittings. The lease runs until 1997. Current rent is £600,000 a year and Savills will also consider a sub-let at £700,000 a year. Free-holders Banque Belge occupy the remainder of the building.

## **Space surplus still persists**

German office property market,

example, the first oil crisis left 600,000 sq m of empty office space behind it and, during the intervening 10-year period as whole, there has been no rental growth.

Nearly a year ago, local agents
Zadelhoff were talking about a
serious oversupply in Munich;
by December they were predicting the same problems for
Dusseldorf by 1986. This week,
Chris Bull-Diamond, who heads
Frankfurt operations for
Weatherall Green and Smith,
predicted that 40 000 ar metres predicted that 40,000 sq metres would be available for letting in the city by the end of next year.

But there are also some parallels with the recent, more encouraging experience in the UK. The West German office market generally has picked up with the announcement of a number of larger lettings since the autumn of last year; the bulk of present and potential supply is in peripheral loca-tions and as Bull-Diamond puts it "the risk of massive over-supply has receded."

Weatherall's 1984 German property market report concentrates on the investment market. Over the past 12 months, it says, institutions have been moving out of the equivalent of gilts, as interest rates have receded, and into equities and property. In Frankfurt, Bull-Diamond calculated what this trend has done to property

By the end of the year the full advantage of this reduction was remaining with the vendor, and property values could be said to have increased by the full 5 per cent without any yield disadvantage to the incoming

Next came a 1 point downward movement in yields—cur-rently calculated by Weatheralis at 5 to 51 per cent for prime central area offices and 41 to 51 per cent for similar retail locations—taking overall capital appreciation up to 10 per cent. On top of that Bull-Diamond reckons that there were three percentage points of indexed rental growth. "So, crudely," he says, "you get total capital appreciation of 13 per cent."

There have been ways of doing better than this, some of them involving foreign inves-tors. Legal & General bought Deutschmarks advantageously when it took over a portfolio of one small, and two medium sized properties from Dutch property group Wereldehave in the autumn of 1982.

On top of that, says Bull-Diamond, property management can do a lot. L & G bought on a 5½ per cent yield, and for the one secondary property in its collection the rent has gone up from DM 12 to DM 18 per sq. metre per month (from £3.45 to £5.17 per sq ft per annum).

Frankfurt is the top office centre in West Germany. Its

the recurrent theme in the West the equation, he said, the first City of London levels and total German office property market, being the January 1983 reduc-occupation costs just a quarter. though hopes are growing that the worst is now over.

In cities like Frankfurt, for example, the first oil crisis left to though large transactions.

Description of the January 1993 requestion costs just a quantity of the first oil crisis left to from 7 per cent to 2 with minimal rates to pay. "UK the worst is now over.

In cities like Frankfurt, for example, the first oil crisis left to the first oil crisis left."

Define the January 1993 requestion costs just a quantity with minimal rates to pay. "UK the minimal rates to pay." "UK the worst is now over.

In cities like Frankfurt, for example, the first oil crisis left."

Relatively uninspiring buildings in decentralised locations like Nideerrad and Eschhorn can do better than the glass palaces in the centre. The Deutsche Bank's new twin tower headquarters in the centre of Frankfurt is a thing of beauty, reflecting local planning encouragement to build high rather than wide. But presumably the owner-occupier can afford to ignore professional re-servations about its prospects as a vacant occupancy invest-ment.

Weatheralis are not predicting any further general move-ment in investment values this year. Last year's rise was locally based. Bull-Diamond thinks that the life funds will he circumscribed by the Bundesaufsichtent, the federal supervisory hody which over-looks institutional investment and sees to it that two-thirds of the 15 per cent of life funds typically going into property end up in residential invest-

WILLIAM COCHRANE

The British Insurance Brokers Association has taken the whole of 10-16 Bevis Marks, EC3, the 11,260 sq ft office building developed by Haselemere Estates in conjunction with the City Corporation. Richard Ellis acted for BIBA.

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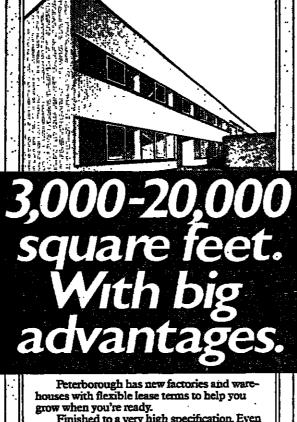


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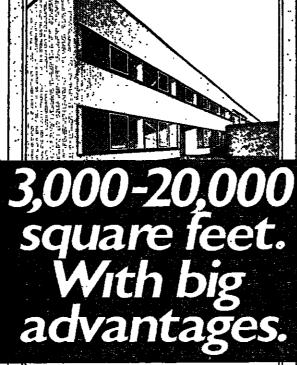


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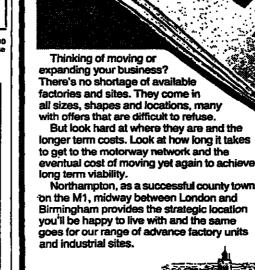
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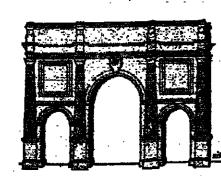
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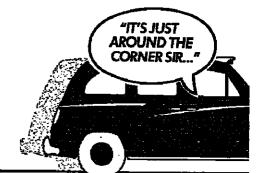


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Swansea and the other enterprise zones are

expected to provide a growing stimulus

£18m investment

prise Zone is continuing to bear

out its reputation as one of the more successful in the country.

The amount of new floor space is now approaching the 1m sq ft mark, thanks to £18m of mainly

private capital investment since the area's designation was first

mooted in the 1980 budget.

At the last count a total of 119 companies had moved into the zone, which is to be expanded shortly to take in 40 derelict acres, bringing it up to 775 acres. Of the businesses that have moved in, 69 are new undertakings and 50 relocations within the locality.

locations within the locality. They represent a good mix of

manufacturing, wholesaling and retailing, employing together nearly 1,000 at present and an

expected 1,500. On average about one in ten enquiries for

space are being turned into specific developments.

Swansea Council remains op-timistic. The take-up of ad-vance factory units has been

rapid and, significantly, all the private development companies

mooted in the 1980 budget.

## PROPERTY IN WALES

Development of the market remains largely underpinned by initiatives from public institutions of various kinds

## Public bodies foster private ventures

NOT MANY years ago, news that the Government was planning to reduce the amount speut on regional development grants by half, with particular emphasis on the aid disbursed to Wales (and Scotland), would have sent a shudder through the Welsh property market.

Ever since the 1930s, Wales has been a major recipient of regional development aid as it has sought to overcome the legacy of overdependence upon the coal and steel industries. As it is, last month's publicadesigned to lead to "a significant reduction in planned expenditure on regional development grants," caused evelopment;

Development;

The enterprise zones at Swands, Flint in North Wales, Milling and the planned ford Haven, and now the new ford Haven, a very little fuss. There is far more concern about the impact of the Severn Bridge's problems

#### Regional grants

on the flow of inward invest-ment in industrial south Wales.

It remains to be seen if Wales's reaction has been mis-judged. In 1982-83 it received £182m in regional grants and the year before that £211m. In the fiercely competitive international market for new and expanding industries, Wales can ill afford any weakening in its incentives

"assisted area" is becoming a drawback, that it paints a now totally false picture of Wales as an area of industrial grime and coaltips. Furthermore, if the current regional policy review results in a shift towards greater encouragement of service industries, it could give a desirable boost to the growth of specialist and professional services, essential to fessional services, essential to a modern economy but which have tended to be under-represented in Wales.

Certainly, Wales, unlike Scot. on a new Mid-Glamorgan science land, has no powerful, long park, to manufacture photoestablished financial community masks for the semiconductor industry. of its own. This is important when it comes to satisfying the shifting and increasingly sophis-ticated demands of the industrial and commercial property market and it explains why public sector institutions rather than private sector are playing an increasing entrepreneurial role in the property market in

The chief influences in the industrial and commercial property markets in Wales are: • The investment and marketing activities of the Welsh Development Agency.

• The availability of Welsh Office selective financial assisgrants to encourage private sec-

The Land Authority for Wales's powers to assemble sits, put in the necessary infrastructure and sell them on for development. development:

ford Haven, and now the new Freeport at Cardiff;

The efforts of the Wales Tourist Board to stimulate private investment in new tourist facilities;

 The work of local authorities, and the growing number of enterprise trusts, to improve industial and business infrastructure and accommodation: • The major improvements still being made in the Welsh

roads network.

But the vital point is that, in keeping with government policy, virtually all the activities of the public sector institutions are being increasingly geared to stimulating private investment, notably in the property sector. As the recovery package.

On the other hand there is an argument that the label slowly, they are triggering a "assisted area" is becoming a range of interesting develop-

> ticular, are meeting with suc-cess. Ferranti, Inmos and Mitel have been joined in the last year by Align-Rite Corporation, which is building a £5m plant on a new Mid-Glamorgan science Communications Corporation, which is establishing a major plant near Cardiff to produce telecommunications equipment, and, most recently, Parrot Corporation, which is launching a units in a workshop complex floopy computer disc manufaccompleted a little over a year turing venture on Cwmbran's ago on Trostre Industrial park. Hantarnam industrial park in It has also been able to allocate

the WDA's growing merchant banking role. To get the project off the ground, it pulled together a venture capital package of £7m, which includes major City Institutional funds.

In addition, there has been a growing number of expansions by longer-established, overseas-owned, companies such as National Panasonic and Sony, and Welsh based-groups such as AB Electronics, Datatype Ter-minals and Dragon Data. AB Electronics is developing a major new facility at Rogerstone, Gwent, for the production of Acorn Microcomputers, subassemblies for the IBM personal computer, and electronic systems the new Jaguar car.

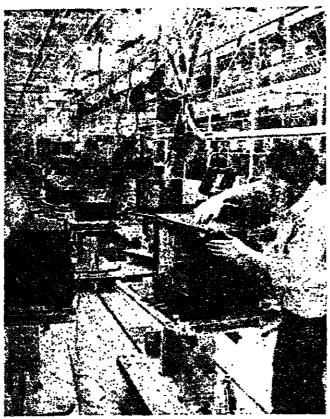
#### Major stream

North Wales, too, has been enjoying a stream of major new projects. The most spectacu-lar last year was United Paper Mills's £125m investment in a new paper and newsprint mill. The most recent this year has been Angus Chemicals, a £8m U.S. French fine chemicals Overall, the WDA has let just

about 1m sq ft over the past 12 months at gradually improving rents. Demand is most buoyant in the South East corner of Wales and in the Deeside-Wrexham area of North Wales. The gradual improvement is also reflected in the success

local authorities have been having with small units. Torfaen borough council, for example, has only seven of the 27 workshop and small factory units it completed on the North Pontypool industrial park last May still unoccupied. Further west, the Neath Development Partnership, a CBI-initiated partnership be-

tween the private sector and Neath borough council, has let 40 of the 50 small industrial units it has built in the past two years, even though the area has to compete with the attrac-tions of the nearby Swansea Enterprise Zone.
Still further west, Llanelli borough council has let all 31



The television production line at the Sony plant at Bridgend. part of the flow of high technology projects being attracted

on a 64-acre industrial estate it forced to cut back purchases is developing at Cross Hands.

The more buoyant market for only 58 acres worth £1.1m to industrial property is not reflected to the same extent in the office sector. To Cardiff's great disappointment, there has been no follow-up to Chemical Bank's relocation of most of its UK activities from London to the Welsh capital.

That said, agents report a better turnover of office suites and a lively demand for space in attractive locations. A rental of £6 a sq ft has been agreed for 30,000 sq ft in Fitzalan Court, a new development by Campaign Properties aimed at the regional headquarters market which is due to be completed by the end of the year.

A sign of better times to come is a more buoyant market for development land. According to Mr Ted Howells, chief executive of the Land Authority for Wales, there is much more interest from prospective buyers than six months ago. He does not see a boom but on the control of the land rather a gradual uplift in all three main sectors of the

have its finger on the pulse because of its role in ensuring there is an adequate supply of development land to meet the needs of the market. During dual carriage link between Car-the year ended last March 31, diff and Merthyr Tydfil, which is the authority disposed of only now well-advanced, was first 312 acres, worth £4m, and was mooted during World War L

ON OTHER PAGES

The Land Authority tends to

avoid cash flow problems. This financial year, its disposals to the building industry have greatly improved and it is on course to meet its sales target of £7m. It is also confident of meeting its £5.5m acquisitions target.

#### Marked progress

Another important aspect of the current market in Wales are the changes still taking places in property perspectives as a re-sult of communication improvements. Over the past year marked progress has been made in speeding up communications with west Wales, due to the opening of the Carmarthen bypass and the straightening of other key sections of the A40. In North Wales, work is now ressing ahead in earnest on the A55 dual carriageway which will provide a far faster link between English border and Anglesey.

Sharp improvements are also being achieved in communica-tion links in the South Wales valleys, and in and around Car-diff, which are long-overdue. By all accounts the building of a

Industrial property; Cardiff; Swansea — II: Retail property; Tourism — III

Encouraging inflow of new companies

enterprise zones in being made up of 13 separate sites, totalling more than 350 acres, scattered around the Milford Haven Unfortunately, major re-development work has been slowed a little by a Welsh Office waterway. Moreover, they offer considerable opportunities for leisure and tourism projects as

cial developments. On the north side of the waterway the zone takes in 48 acres of the Milford Docks area, three other sites with deep-water access and two others embracing both existing indus-trial estates and green-field

well as industrial and commer-

On the south side there are six separate sites in and around the town of Pembroke Dock. The two largest are 49 acres of the former Royal Naval Dockyard and 53 acres around the Waterloo Estate, where there is scope for the development of a marina.

#### Forum established

Because of the EZ's frag-mented character and the multitude of ownerships involved an upsurge in development is by no means assured. But in a bld to get things moving the two district councils involved, Preseli and South Pembrokeshire, have formed an EZ forum embracing other interested bodies such as Dyfed County Council and the Milford Haven Conservancy Board and have appointed a full-time EZ manager. The Welsh Development Agency (WDA) has also been called in to advise on a development and marketing strategy.

Attracting projects to a site as far west as Milford Haven is not easy but communications have been improved significantly in the past year by trunk road improvements and the WDA is currently experiencing a good demand for its existing units in the area, which augurs well for

In North Wales, Delyn's 293acre enterprise zone at Flint is just six months old. It has so far attracted six new companies to the zone which together with

THE WELSH industrial and commercial property map has been altered significantly in the past year by the addition of Milford Haven and other enterprise zones to Wales' first at Swansea.

Most intriguing is the Milford Haven EZ, which is due to be officially designated in a matter of weeks. It is unusual among enterprise zones in being made up of 13 separate sites, totalling more than 350 acres, scattered around the Milford Haven in the zone which can it necessary be divided into smaller units.

established companies inside the boundaries have created the zone. The incentives of an enterprise zone are of course a decining asset. In Swansea's case they are due to expire in a little over seven years. As a result to let, ranging from 1.500 sq ft and David the council is already beginning to stress the inherent value of the zone as a prime industrial and commercial location and, as within the zone which can if necessary be divided into smaller units.

Unfortunately, major rebeing financed by a pension fund which requires to take a

moratorium on local authority capital spending until April. This has held up clearance from large parts of the zone of old premises and the provision of infrastructure and new services.

Abrupt halt

Another measure of the Swanses is that Comfort Inns are infrastructure and new services. hotel with associated conference and trade exhibition facilities Meanwhile, Swansea's Enter-

within the zone.
It would have liked the added advantage of freeport status—
for which it applied — but
speculation over which Welsh
port might secure freeport
status was brought to an abrupt
helt applied this morth by the halt earlier this month by the

halt earlier this month by the Government's aunouncement that Cardiff is to be one of six in the UK.

The developer to win the Cardiff prize is a consortium pulled together by Pearce (Wales), a subsidiary of the C. H. Pearce group. It also includes consultant engineers. Over the control of the C. Ann. and Paymers I. E. Arup and Partners, I. E. Symonds, the Cardiff quantity surveyors, and two Cardiff surveyors, and two Cardiff architectural partnerships, Lawray and Dale Kennedy.

Mr Alian Pike, marketing manager of the project, says

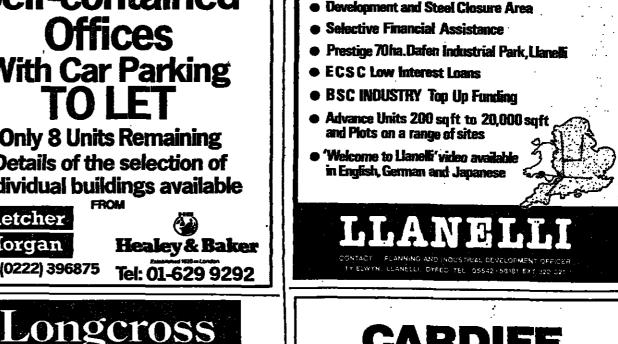
that the consortium is initially planning to develop 40 acres. It has the option of two Welsh Development Agency sites or Associated British Ports land which altogether add up to some 220 acres. It plans to begin construction within six which have undertaken building companies wishing to take adschemes since designation are vantage of the freeport status.



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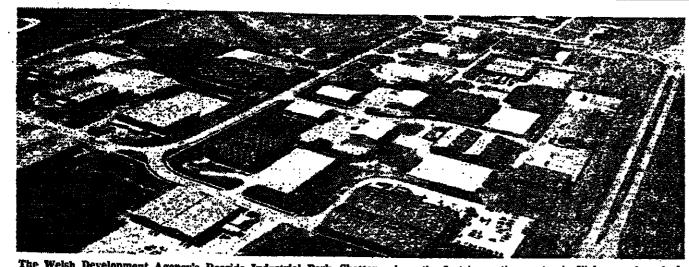
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## PROPERTY IN WALES II



The Welsh Development Agency's Decside Industrial Park, Shotton, where the first innovation centre in Wales was launched.

WDA strengthening the country's industrial infrastructure

## Science park on the way

of the aggressive new merchant banking role being adopted by the Welsh Development Agency to strengthen Wales' industrial

board is for an innovation centre, a biotechnology centre, a biotechnology block and other facilities, where promising new products and processes, developed in Swansea University College's research laboratories, can be put on a business footing in a relatively sheltered environ-ment, before being launched commercially. The venture would however be required to pay realistic rents of £3-£4 a

#### Response

The WDA, in association with Swansea City Council and West Glamorgan County Council, has already funded a research pro-ject which confirmed Swansea as one of the few universities are shared, as well as the where "spin outs" to the bene-rewards. fit of the local economy do actually happen already. It has also sounded out the EEC social fund about the possibility of financial backing for the science park's management structure and the response has been

Now the WDA is seeking a private developer to put up the bulk of the cash for the development and three are already

SWANSEA UNIVERSITY agency's new approach. Gone and with the choice of developer science park is not yet a are the days when the WDA and operator. reality but there is every was mainly concerned with originally, the WDA expected sign that it will see the light crash advance factory building also to participate financially in programmes in response to the massive redundancies in the Welsh steel industry in the late 1970s and early 1980s.

The first innovation centre in roperty infrastructure. Wales was launched on the The scheme on the drawing WDA's Deeside industrial park. North Wales, last spring, in association with Clwyd County Council and the North East Wales Institute of Higher

> aimed at high-tech ventures requiring high quality accommoda-tion, at Cleppa Park, Newport. but neither has private sector In the meantime, the WDA participation.

However, the agency sees its role increasingly in terms of using its expertise and public resources to "lever out" private investment — by identifying opportunities, doing the feas-ability studies, and then seeking a partnership with private sector developments in which the risks and investment costs

Moreover, the agency is no longer limiting itself to industrial property alone. Under the heading of "special projects," it is investigating leisure, shops, office and even residential investment opportunities.

An early success of this broader-based approach is the planned development of a disused dock at Penarth, near Cardiff, as a yachting marina. showing interest. The WDA helped the local
The Swansea science park is authority to decide how the dejust one illustration of the velopment should take place,

and operator.

Originally, the WDA expected also to participate financially in the project. But in the end, a local consortium pulled together to carry out the construction, felt sufficiently confident to press ahead with the scheme on its own.

#### Shops

The same has also happened in the case of the agency's first excursion into the shops mar-ket. What began as an upmarket In the summer, it unveiled shopping development in a plans for a similar development. Major town, with WDA financial participation, is now being financed by the private

> still has a good deal of conventional industrial space on its hands, a hangover from the period in 1981-82 when it was completing more than one factory a day in steel closure areas. But it is a measure of the improving market that the percentage of empty space in its portfolio has fallen from a peak of 15.5 per cent in November 1982 to a current

level of 13.6 per cent.

In the past 12 months, the agency has let 180 factories, totalling Im sq ft, reducing its stock of unoccupied premises to 2.9m sq ft or 400 factories. Demand has been particularly buoyant since the autumn and this has produced a 30 per cent improvement in lettings in the second half of 1983 compared with a year earlier. As a result. for a further 1.5m sq ft.

adequate range of ready-to-occupy units of different sizes. A modest programme of new factory building has just been announced — 15 units in North Wales and 13 in South Wales to provide a total of 130,000 sq ft and fill gaps in the range available in certain areas.

Demand is proving particularly buoyant in the Newport-South Gwent area. As well as a good take-up of off-the-peg premises, the agency is also building bespoke factories for AB Electronics, Berlei and Benson's crisps. There is also a firm demand in Deeside and Wrexham, North Wales, where rents tend to be 10-15 per cent cheaper than in South Wales.

The agency would be happy to leave more development of industrial property to the market. But the private sector remains generally hesitant about committing itself to of units at top rentals on the large industrial estate it is de-celoping in North Cardiff, Cardiff Industrial Park.

Moreover, in distinct contrast Ing significant rental growth.
On a six-month rolling averyears ago. The straight average for the month of December was the agency believes it can find £1.65, compared with £1.24 a than £50m in private invest-tenants in the coming 12 months year ago. Small units in attractment. tive locations are now attracting At the same time, it is acting £2 to £2.50 a square foot.

Marina, hotel and conference centre scheme attracting attention in Europe

## Swansea regains sea legs

sea but has not visited the city recently is likely to be bowled over by the dramatic transfor-mation now taking place between Swansea's old commer-

cial centre and the sea. What, only months ago, was Swansea's derelict South Dock and foreshore is now well on the way towards being comprehensively redeveloped as a major, and very attractive, new

extension to the city.

The central feature of the redevelopment — the refurbishment of the dock as a 17-acre yachting marina, with space for

yachting marina, with space for 300 boats and new high-speed lock gates — is largely completed.

Work is about to start on a new 150-bedroom hotel and a 1,000-seat conference centre being developed by Ocean Properties, a Florida-based hotel group, which has chosen what is now known as Swansea's Maritime Quarter for its first excursion in the UK hotel business. Construction of a number of other residential — commercial schemes incorporated in mercial schemes incorporated in the overall development is al-ready well advanced.

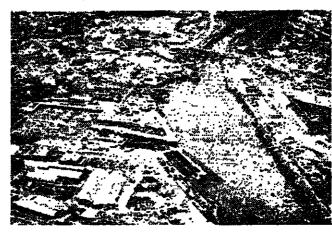
#### Tailored

The key to the rapid progress The key to the rapid progress being made on this major redevelopment, which has attracted attention throughout Europe is what is being dubbed "the Swansea system" — administrative and planning processes which have been specially tailored by Swansea City Council to achieve rapid land development and private sector partnerships.

partnerships. Mr Maurice Howell, the city's Director of Planning, describes the important stages of the Swansea system as land assemspeculative ventures, though the bly: preparation of tight plan-WDA's activities have not pre-vented the Norcros Group from of the redevelopment: prior achieving an excellent take-up planning approval by deemed from developers; their competi-tive appraisal and assessment; the selection of optional pro posals; and, finally, the formula to most other parts of the UK tion and completion of a part-at present, the agency is achievnership scheme between the

The net result of this age, the rental of WDA lettings approach is that for public exis now up to £1.40 a square foot, penditure of £8-£10m in land compared with only £1 three acquisitions, new infrastrucacquisitions, new infrastructure and services, Swansea has succeeded in attracting more

Swansea ratepayers have obviously put up a slice of the



yachting marina, that has already been carried out at

public sector finance. But the to develop other sites in the EEC has also chipped in a sig-scheme is minimant sum and the Govern- Whitegates Construction has ment's Urban Development already completed a substantial Grants scheme has also been an section of a £5m linear develop-important element in accelerate ment along the Marina's northing the whole scheme. Ocean ern quayside. Properties has received £2m to It is now bring forward its hotel.

Other features of the develop- units into the commercial di-ment include a new film mari- mension of the site, which intime village of 500 flats and houses, retail units, a restaurant, public house and squash courts which is being developed by a consortium of Barratt, studios development.

United Kingdom Housing Trust

Other developments to come and E. Turner and Sons.

Construction work by two local groups who won contracts

It is now rolling revenue from the sale of residential

superstore by Sainsbury.

Demolition of the derelict Weaver mill, which has long scarred the eastern entrance to Swansea, to make way for Sains-

bury, is well advanced. Only two sites within the new maritime quarter are not yet tied up. One is for a marina-related retail, leisure and amenity block of less than one acre. The other is the conversion of an old pump house alongside the marina into a

commercial property. Swansea's major redevelopment ambitions have by no means been exhausted by the new Maritime Quarter. It is now setting its sights on revitalising the area alongside the River Tawe, to the north of the redevelopment.

To this end, the council has put in a bid for designation as the site for the third British gardens festival.

A central feature of this redevelopment will be the building of a barrage across the mouth of the River Tawe to create an attractive lakeside environment for a range of developments. Its effect will not only be to remove the psychological barrier which has long existed between West and East Swansea, but it will also be the final piece in the jigsaw of repairing the ravages of the are a £2.5m residential and repairing the ravages retail scheme by Abbey Housing, a £750,000 mixed residencentury industrialisation. lower Swansea valley by 19th

£80m Cardiff scheme

Inspired by Swansea's example and with the active encouragement of Mr Nicholas Edwards, Secretary of State for Wales, Cardiff has embarked on the redevelopment of a large slice of its derelict dockland to give a major fresh dimension to the

CASTLE STREET CAROFF CF12RJ

ward at considerable speed. ward at considerable speed. It is less than a year since the idea of comprehensively redeveloping a 154-arre area around Bute East Dock was first discussed. Yet Tarmac Construction, the developer selected for the scheme, is due to be one site in a metter. due to be on site in a matter of months.

No fewer than five con-

Plan for dockland speeding ahead

No lewer than five consortia put up attractive plans
for the redevelopment project, which will cost around
£80m. But it quickly
developed into competition
between McAlpine and Tarmac and South Glamorgan
County Council, whose backing was required to secure the urban development grant essential for the scheme, eventually plumped for Tarmac. So too did the chlef landowner, Associated British Poets and the Landowner and the Landow landowner, Associated British
Ports, and the Land Authority
for Wales (LAW), which had
originally started to assemble
the land from a variety of
ownerships for industrial
uses, using its powers to buy
and sell development land. The two have formed a partnership to bring forward the land required for the scheme. But LAW will dispose of its holding once the develop-ment is completed.

#### Budget

The final go-thead is now awaiting a Welsh Office urban development grant (UDG) allocation. Tarmac originally applied for £4.2m towards the £24m cost of the first phase of the development, scheduled to be completed in three years. But this assumed that Development

Agency (WDA) would be able to clean up the site from its derelict land budget. But it has been found to be outside the WDA's legal powers so that the UDG requirement is

now £8m. Even so, given the Secre-tary of State's enthusiasm for the project, the amount required is still expected to be forthcoming, albeit in two or three tranches. There is or three tranches. There is also a safety problem with gas tanks belonging to Allied Steel overlooking the site. This will have to be dealt with. But again, given the political momentum, this is not regarded as an insuper-able obstacle.

Over 40 acres of the development will be devoted to a mix of residential units and student accommodation, another 10 acres to a district shopping centre and a further 14 to a new county hall for South Glamorgan. Provision is also being made for the eventual building of a Welsh National Theatre-Opera House on a seven-and-half acre site.

Commercially, major office developments were ruled out by the original brief. But more than £2m will be spent on refurbishing dereliet warehouses as offices, workshops and small shops. There will also be some quality nursery units for seed bed high tech-

The amenity value of the dock will be exploited vigorously. The scheme also includes a water sports-community centre for developing its use as a place for sailing, canoeing and angling.



Tarmac's plan for the redevelopment of the 154 acres around Bute East Dock, Cardiff.

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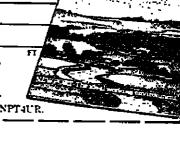
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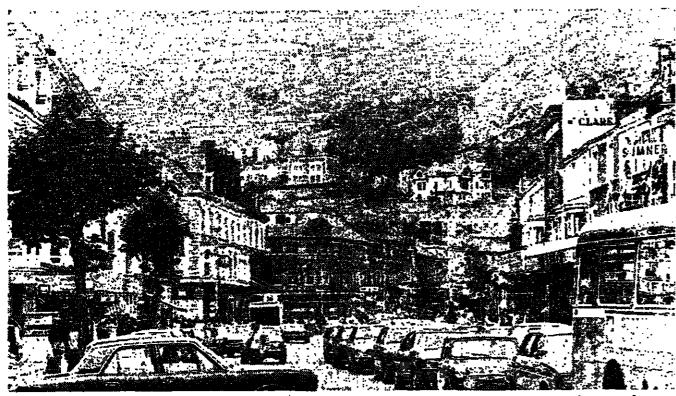
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## PROPERTY IN WALES III



One of Llandudno's main shopping thoroughfares; Mostyn Street. A study recommends restoration of the east iron verandas over the shops, a distinctive feature of the resort's Victorian traditions.

Resorts hope to attract entrepreneurs in entertainment schemes

## Expansion at the seaside

BY THE end of this decade the outcome of a £15,000 feasibility going on in respect of Holyhead study which was also backed by and Rhyl. dudno, queen of the Weish resorts, will be enhanced by a major new attraction—a 70-acre American-style entertainment park along the lines of Disneyland and Legoland City, providing, that is, the Wales Tourist bear 330 people and second of the such an attraction caude that such an attraction caude pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second employment to a furtherests. It is estimated that such an attraction caude that such an attraction caude pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second in that such an attraction cauded pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second in that such an attraction cauded pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second in the such an attraction cauded pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second in the such an attraction cauded pull in 2m visitors a year to Llandudon, earn at least £12m per annum, give permanent employment to 300 people and second in the such and the suc resorts, will be enhanced by a land and Legoland City, provid-ing, that is, the Wales Tourist Board (WTB) can find an appropriate developer with some £53m to invest in the

This ambitious scheme is just one of a series of tourism and investment packages which the WTB is identifying and marketing to prospective investors in order to strengthen Wales's competitive edge in the tourism business and encourage expansion in one of Wales's most important industries.

Although competition from overseas resorts remains as overseas resorts remains as fierce as ever, Wales has 12 per cent of the British holiday market and is doing well in the growing second holiday and short breaks sector. Yet the WTB is acutely conscious of the fact that the industry will only centified to be seen as

the town's local authorities and by local interests. It is estimated

#### Themes

The proposed themes for the entertainment park include Alice in Wonderland, sun and seascapes from around the world, George Borrow's Wild Wales and the mediaeval history of the county of Gwynedd.

Another example of the WTB's new approach is its strategy for a chain of marinas around the Welsh coast. This was well received when it was first published in 1982 and is now stimulating activity on the ground. Near Cardiff a local consortium has decided to go ahead with the redevelopment of Penarth's derelict dock as a marina, which will tie in well with Swansea's already com-

will point the way forward for

capitalising on Wales's unique industrial heritage.

A number of important pro-jects has already gone ahead in industrial Wales, notably the

conservation of Big Pit in Gwent's Eastern Valley as a

museum for the once massive South Wales coal industry. In West Glamorgan the Neath Development Partnership has

identified six projects requiring investment of up to £500,000 to develop the Neath Vailey's tourist appeal. It has also got local interests together to form a tourist association to market the area's astrontions.

Mr Gwyn Davies, WTB's deve-lopment director, stresses that

the overall strategy is also taking account of the need to

avoid an overlap and duplica-tion of specific themes and attractions. The Industrial

Valleys Study, for instance, comes out against conservation

of another coal mine as a

museum — the Rhondda would like one of its own — but suggests-different attractions for different valleys.

Museum

More recently, WTB published a detailed examination of Wales's historic resorts, designed to alert property investors and local authorities to the importance, in terms of visitor appeal, of repairing buildings and whole areas in traditional resorts in a sympa-

In Llandudno, for example, the study recommends the restoration, replacement and repair of the cast iron verandas which line the main shopping streets and a system of signing which would reflect the town's Victorian traditions.

For Aberystwyth the report suggests that a tourist enter-prise precinct could be successfully linked in with the harbour redevelopment. In Colwyn Bay it says that Station Road probably has the greatest potential in North Wales for the revival of a high quality shopping en-clave for the more affluent

Further WTB strategies are about to be unveiled for the inland water resources of Wales continue to prosper so long as pleted marina. Developers are inland water resources of Wales it upgrades the quality of its also showing interest in pro- and the industrial valleys of attractions.

The Liandudno project is the and Pwilheli and more work is specific development opportuni-

boost their shopping list

Big superstore proposals

dominate the retail sector

**Developers** 

of the St David's Centre. But it may also be a pointer to why Guardian Royal Exchange has gone to a public inquiry to contest Cardiff City Council's refusal to grant planning approval for its proposed £23m Queensgate development in the central shopping area of the given and a greater inflow of shorters from cutting the content of the central shopping area of the given and a greater inflow of shorters from cutting property and a greater inflow of shorters from cutting the content of the central shopping area of the given and a greater inflow of shorters from cutting property and a greater inflow of shorters from cutting property and a greater inflow of shorters from cutting property to make a success of the development, existing major stores would also be hit.

As proposed, Queensgate would be a Covent Gardenstyle speciality shopping centre complete with waterfall and pavement cafes, But the fear, being forcefully expressed in

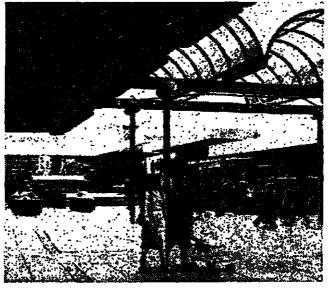
A RECENT survey of High the inquiry is that it will lead Street shop rents by Bernard to Cardiff being overshopped. Thorpe and Partners in 45 One witness claimed up to towns and cities throughout £30m in turnover would be Street shop rents by Bernard
Thorpe and Partners in 45
towns and cities throughout
Britain came up with the unexpected finding that prime
sites in Cardiff are presently
more expensive than Regent
Street and Knightsbridge—£85
a square foot as against 570 and
£60 in the London centres.

One possible explanation may
be that Cardiff has a major new
shopping facility in the shape
of the St David's Centre, But it
may also be a pointer to why

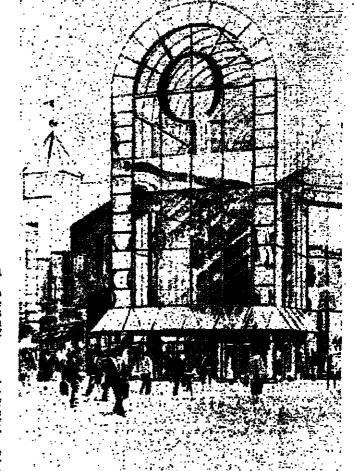
department store be eventually incorporated, as some Cardiff property experts feel would be necessary to make a success of

the development is completed, rising prosperity and a greater inflow of shoppers from outside Cardiff would more than compensate for the increased com-petition. The outcome of the inquiry is awaited with considerable interest.

Fierce local authority resist-



Up for sale: Cwmbran's distinctive shopping centre.



Artist's impression of part of the £33m proposed Queensgate development in Cardiff by Guardian Royal Exchange, now the subject of a planning inquiry.

ance is not generally proving to be a problem when it comes to superstore development. Construction is continuing apace, despite the fact that Wales already has a far higher density of superstores per head of population than the UK average.

The Co-operative Retail Society's (CRS) Leo subsidiary, with 13 superstores in Wales already, is building three more at Ammanford, Cardigan and Cross Hands and seeking to build another two at Barry and Newport and with 10 per cent

Newport and with 10 per cent of its turnover earmarked for new developments it is on the lookout for fresh sites. Tesco, with nine Welsh super-

stores, is also expanding, in some instances by the extension of existing stores. In one instance, however, it has run into opposition. This is on plans for a major new store on Cardiff's

N sq. !!.

GI

Last but not least, Asda has also decided to add to its five superstores in Wales by taking over an approval at Coryton, North West Cardiff, from BAT's International subsidiary.

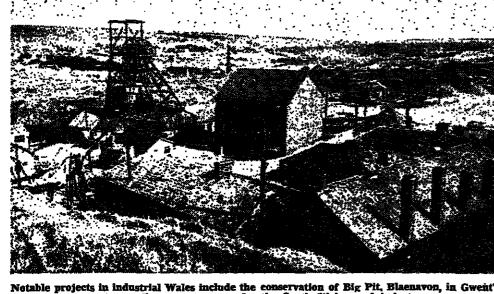
All these retail investments however, promise to be dwarfed by Wales' biggest ever retail deal—the impending sale of Cwmbran's shopping centre.

stance, however, it has run into opposition. This is on plans for a major new store on Cardiff's western outskirts, at Culverhouse Cross. However it is going to appeal.

The significant newcomer to the Welsh superstore scene is Sainsbury which is expanding westwards after years of limiting its presence to Cwmbran. One Sainsbury superstore has Rowden are the agents.



Notable projects in industrial Wales include the conservation of Big Pit, Blaenavon, in Gwent's eastern valley, as a museum for the South Wales coal industry





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FINANCIAL TIMES SURVEY

The Financial Times proposes to publish the above survey on

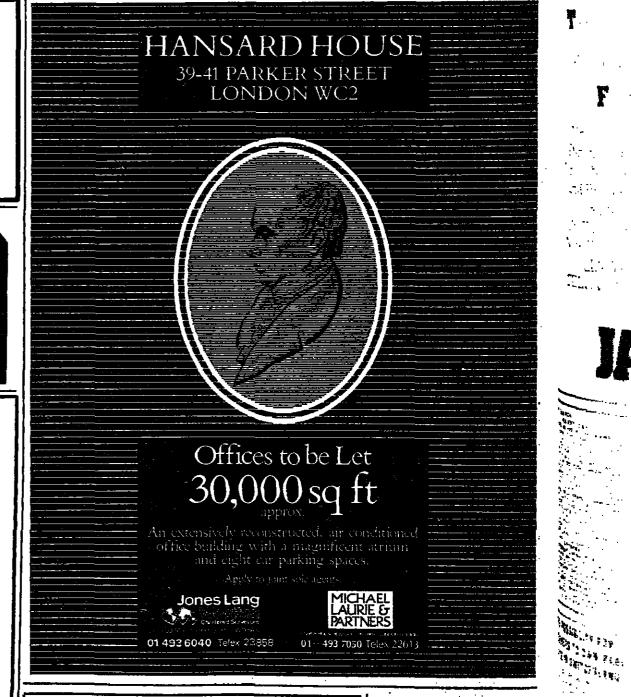
JUNE 28th, 1984

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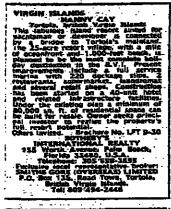
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The follow	ing Bond	is have be	en draw	n and may	be prese		redielba	nk S.A.L	xembour-
geose. 43	. Boulev	ard Roya	l, Luxem	bourg or	to other l	Paying Ag	ents nan	ned on th	e Bonds:
00324	06250	00365 53172	00366	00070	80144	00150 00569	00152	DD157	00158
7 4617C	C317G C1C98	0:925	01501	. 00223 01505	00236 91523	01526	01534	D3872 D1537	01548
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93493 04137	03494 06140	03512 04142	01e17 84169	03634 04171	03635 04194	D4202	03617	C40+4 D4267	D4052 D4327
04328	D+355	04418	04450	04475	04567	04569	D-570	04577	04644
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57438	C7443	07445	07572	07576	07603	07616	07630	07643	07642
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39766	C9768	09720	09751	09782	0973B	09755	09798	09793	04803
09814	01300	09822	09829	09830	D9B31	O4B25	09834	09848	09851
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15232	15253	- 15255	15258	75262	15274	15281	15283	15288	15320
15321	15361	15306	15371	15375	75570	15379	15413	15434	15555
15557	15565	15557	15569	15607 15738	15679 15739	15083	15686 15754	15095 15762	156 <del>9</del> 9 15765
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15659	158-5	15553	15857	15865	15868	15671	15590	15893	15960
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17357	17362	17351	17565	17364	17565	17397	17592	17396	17441
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Luxembourg, February 10, 1984

Principal Paying Agent KREDIETBANK S.A. LUXEMBOURGEOISE Chairman expresses confidence in prospects and crowning two years of rapid growth . . .

## Imps accelerates to over £195m and increases dividend

Group during the second haif of the year to October 31 1983, was double that of the first six months and the directors say pro-tax results for the first quarter of the current year are satisfactorily ahead of the corresponding period.

Boosted by a £16.4m reduction in interest, less associates and investment income, the pre-tax result of this tobacco, brewing and foods concern for 1983 showed a 27 per cent expansion at £195.3m (£154.3m), with the first half increasing by £13.3m to £79.1m and the second by £27.7m to £116.2m.

Mr Geoffrey Kent, chairman, said yesterday he did not expect dramatic growth for 1984 but was hoping for a "significant increase." The sort of improvement seen

in the last two years was perhaps higher than could be sustained regularly he stated. Pre-tax earnings per 25p share for the year under review are

27p (21.4p) and after tax 18p (16.4p). On these the final dividend is stepped up to 5.05p (4.5p), lifting the total payment from 7.25p to 7.8p net at a cost of £56.4m (£52.2). On turnover 7 per cent higher £4.4bn in respect of con-

tinuing businesses, group operating profits rose 19 per cent to £215.8m. The tobacco division showed a 15 per cent gain to £96.6m at the operating level, reflecting a "satisfactory" sales performance backed by improved margins and increased produc-

profits of £71.6m, despite a static beer market, while the group's food side made further substantial progress with a 19 per cent rise from £23.3m to £27.7m on a 6 per cent increase

						dence for the future, he states.
Five-year	summery of Em	lmperiet Em	eccounts Em	£m	£m	The development of manage-
	1979	1980	1981	1922	1983	ment by strategy within the
Tumover*	2,951.4	3,215.2	3,771.3	4,097.7	4,381.5	group means that consistent pro- fit improvement does not depend
Operating profit	138.7	148.5	180.1	181.9	215 8	mainly, or even primarily, on
Imperial Tobacco	82,4 37,7	85.5 40.8	68.7 50.4	84.0 58.5	96.6 71.5	cost cutting, important though
Imperial Browing & Laisure	19,7	16.1	20.8	23.3	27.7	that is to create the right base.
Imperial Foods	10.7	11.5	20.5	15.6	19.4	Directors are now continually
Other activities	1.1+	5.4t	0.31	0.5	0.5	examining sectors in each divi-
Companies sold	4,4	<b>‡7.2</b>	<b>\$12.9</b>	9.3		
Interest payable**	0.8	14.4 126.9	41.2 106.0	36.9	20.5 195.3	sion where there is potential for
Profit before taxation	<b>142.3</b> 128.5	80.6	91.4	154.3 118.2	130.1	successful expansion.
Extraordinary credits	115.3	13,3	ŧ34.9	¥66.8	<b>‡49.7</b>	Howard Johnson's performance
Dividends	51.4	51.8	51.8	52.2	56.4	during 1983 particularly displays
Total capital employed	1,220.3	1.322.4	1.084.9	1,107.1	1,126.5	the relevance of this approach. Its strength is in the mid-price
Shareholders' net assets	786.4	737.1	796.0	824.1	886.5	sector of the U.S. accommodation
Borrowing9	431.9	582.5	286.8	281,1	237 9	and resturant markets. The task
Key statistics					7.7	over the last two years has been
Interest cover-times	4.2	3,3	2.5	4.4	2.5	to rebuild consumer confidence
Enmings per share:	20.0p	17.7p	14.8p	21.40	27.0p	in Johnson, after a decline
efter taxation	18.1p	11.3p	12.6p	16.4p	18 Op	during the 1970s.
Dividend per share	7.25p	7.25p	7.25p	7.25p	7.80p	Investment is being out into
Dividend cover—times	2.5	1.6	1.8	2.3	2.3	improving the quality of food.
Borrowings as %	54.9%	79.0%	36.0%	34.1%	26.8%	furnishings, buildings and ser-
Return on:	<b>. ,.</b>					vice, while experimenting with
Shareholders' net essets	18.1%	17.2%	13.3%	18.7%	22.0%	new restaurant concepts, some
Capital employed	14.9%	13.6%	16.0%	18.0%	19.9%	already showing much promise.
Excluding companies sold and investment income. ††Aft				IT 2850CIBLB	profits	There is significant scope for

Translated into sterling, the operating outcome at Howard Johnson, the U.S. subsidiary, finished 24 per cent higher at £19.4m (£15.6m). This represents a 9 per cent growth rate in dollar terms and in a statement with the results Mr Kent explains that the improvement came principally from continued expression of the Ground Round expansion of the Ground Round restaurants.

The strong recovery in the U.S. economy has not yet been reflected in Howard Johnson's uon efficiency.

Also, fo rthe first time in many years, UK cigarette consumption remained steady.

A more cost efficient brewing and leisure division achieved a 22 per cent advance to operating profits. The fall in group interest charges (less associates and investment income) from £36.9m to £20.5m was due to lower borrowings following the disposal of certain businesses in 1982 (offset by their profits in that year), reduced interest rates and enhanced cash flow from con-

Translated into sterling, the tinuing businesses. Companies sold produced an operating profit of £9.3m in the previous

year.

After tax of £65m (£35.8m) and minority debits of £0.2m (£0.3m) profits of £130.1m (£118.2m) were subject to extraordinary charges of £49.7m (£66.8m). These consisted almost entirely of provisions for re-organisation and closure costs,

organisation and cluster costs, spread among all divisions.

They left the attributable balance ahead from £51.4m to £80.4m and, following dividend payments, £24m (£0.8m loss) was retained.

In his statement Mr Kent points out that during the two years to October 31 1983 group pre-tax profits have risen by 84 per cent and the return on share-holders' net assets by 65 per cent. The preparatory work of the past two years and the group's greater capability to monitor

or require consumer connected on Johnson, after a decline during the 1970s.

Investment is being put into improving the quality of food, furnishings, buildings and service, while experimenting with new restaurant concents some hew restaurant concepts, some already showing much promise.

There is significant scope for growth in the U.S. restaurant and hotels industries, says Mr

dence for the future, he states.

The development of manage-

Kent, and this strategy is ex-pected to produce steadily im-proving returns from the group's interests in them.

He reports that Imperial Brewing Leisure has been engaged in a radical change of organisation. The new structure separates production and wholesaling, under Courses from peralling under Courage, from retailing, under Imperial Leisure and Retailing.

In the second of these sectors the group has been investing heavily in its pubs and a number of new restaurant concepts have been introduced. There are also plans to expand the Happy Eater roadside restaurant chain and, with two major divisions now engaged in similar leisure activities in the UK and U.S., Mr Kent says benefits which come from

Turnover
Cost of sales
Gross profit
Distrib, costs
Admin, capenses
Other operating inc.
Operating profit
Companies sold
Share of assoc. Investment income ... nreres: Net profit
Net profit
Extraord debits
Attributable
Dividends
Retained

Young's frozen and chilled foods businesses, both of which are in strong growth sectors.
Rationalisation in this case, Rationalisation in this case, says Mr Kent is not only costeffective, but will also provide a more comprehensive service to retailers and customers. The

division is exploring develop-ment opportunities in the industry at an accelerating pace, he adds.

He describes the performance of Imperial Tobacco during 1983 as showing how successfully a balance has been achieved between profits and maintenance of market share. The group is well positioned to continue to make "good profits" from its stake in the tobacco industry, he

In addition to these areas of organic growth, expansion of the group's existing interests may come from acquisitions. Here again, the financial and strategic capability formed in recent years will ensure assets.

Imperial will only proceed if A current cost statement shows companies to be purchased CCA pre-tax profits up by 38 per measure up to rigorous performent from £101m to £139m.

mance standards says beneats which come from sharing experience and ideas will help the group greatly.

Within Imperial Foods, the focus on growth has led to the establishment of a joint organisation to run the Ross and runnings and contribute to a Limited investments in ventures in the early stages of Continental, W, on March 22 at
development are also being noon, shareholders will be asked
considered. These could in time to approve the introduction of an
be a valuable source of future employee's share option scheme.

gradual shift in the group's interests from mature growth

industries Concluding his statement, Mr Kent says he is confident that, with the actions and results of the last two years providing a new base, the group is well on course for continuing profits

growth.

The balance sheet at the end of October last shows shareholders' net assets of £886.5m (£824.1m) and borrowings of £237.9m (£281.1m). This represents gearing of 26.8 (34.1) per £209.6m borrowings.

represented loans repayable in five years or more. If overdrafts etc are set against cash, there was a positive cash position. This has not traditionally been This has not traditionally been the group's position, nor indeed was it the position throughout 1983, although short-term funds were deposited at various times. Year-end borrowings are substantially lower than average borrowings, the result of due dates for settlement of certain major payments, primarily dividends and various types of tax. Fixed assets totalled £970.9m (£948.9m) and net current assets (£948.9m) and net current assets

£248.4m (£187.8m).

The main feature of current assets was an increase in cash at bank from £23m to £128m. This resulted from higher profits which led to a strong improve-ment in cash flow of £40.6m, together with more effective use of working capital culminating in a net reduction from that source of £66.2m which reflected the group's continuing determination to minimise the level of its net investments in current

At the next annual meeting, to

balance sheet remains strong with gross assets of nearly £1.9bn.

Lonrho's interests include mining and refining, agriculture, hotels, wines and spirits, textiles, printing and publishing and engineering. ourbo's

The 1982 turnover figure has been restated to exclude the turnover of the associates in accordance with SSAP 1. The

## Lonrho soars £38m to £113m and expects advance to continue

up to £113.2m for the year to end-September 1983. This was an advance of over 50 per cent on the £75.1m reported for the previous year and compares with a forecast of at mid-year. st of over £100m made

at mid-year.

The improvement in profitability was widespread, but was particularly apparent in the UK where group companies raised profits by over 78 per cent and were a major contributor to the overall result.

Mr Roland Tiny Rowland, this arrecults are overall

there are adequate reasons in the current year's first quarter figures for him to feel that 1984 will continue an upward trend. He tells shareholders that all operations, including those in the UK, are expected to continue to increase in prosperity during

the year. Earnings for the year under review rose by 7.9p to 15.5p per 25p share but a final dividend of 6p (5p) holds the net total at 9p. However, in view of the enhanced prospects for the group a special interim dividend of 1p has been declared for the current year. It is expected that a second interim dividend will be declared

n July/August.
Mr Rowland points out that considerable management effort has gone into increasing effi-ciency throughout the group, which has included a programme of strategic asset disposals. He reveals that the group

including cash balances at year ead standing at £109m. Group turnover for 1982-83 expanded by £20.8m to £2.36bn. interests include

Lourno, the inernational trading group's share of turnover of group, pushed its pre-tax profits associates for the past year associates for the past year totalled f694.1m, compared with £672.5m in 1982. The group's share of associates' profits rose from £20.6m to £33m.

Tax for the year accounted for £55.7m (£38.7m) and minorities £16.9m (£16.4m).

Attributable profits emerged 103 per cent higher at 140.6m (£20m) before deducting same-again extraordinary items of Mr Rowland says the group's traditional activities of agriculture and mining performed very well reflecting not only improved commodity prices but reduced operating costs and, in most press increased production

areas, increased production areas, increased production.

The hotels and casino divisions showed good growth and both have been expanded through the opening of the New Marquessa Tower at the Acapulco Princess in Mexico and two new casinos—one in London and the Princess Casino in the Bahamas.

Capital expenditure this year has been restricted to the minimum necessary to maintain the group's assets at their highest operating efficiency. The group has not undertaken any large, long-term projects.

Mr Rowland informs share-holders that the group also benefited from a substantial increase in House of Fraser's profits—the group has a 29.99 per cent shareholding in Fraser. In the textile sector, more favourable trading conditions in the second six months resulted in a marked improvement in results. This trend has con-tinued into the current year and

with increasing demands on manufacturing capacity the group expects a continuing im-At the six months' stage group pre-tax profits had risen from a restated £37.8m to £43.4m. The Lourno group, including its associated companies, employs over 150,000 people.

Mrs 18 12 1

## Greenall Whitley profit ahead

SALES AND pre-tax profits of months to September 30 1983, Greenall Whitley for the first pre-tax profits of the group— three months of the financial which has subsidiaries involved year were ahead of the cor-responding period, Mr Christopher Hatton, chairman, told hareholders at the annual meeting.
The board was confident that

the Warrington-based group—
the biggest independent brewery
in the UK — would succeed in
expanding its business this year. if there were no economic set-back and if Budget duty increases did not exceed the rate

As already reported, in the 12

in wines, spirits, soft drinks, holiday tours and hotel management — rose 16 per cent to £24.01m, against £20.71m. Turnover was up at £258.74m (£226.61m).

The current year's figures, said Mr Hatton, showed a marked reduction in the decline in beer sales. The company was invest-ing heavily in pubs and expand-ing free trade sales outside the north-west. Lager sales showed "a healthy increase." The company was test market-

planning a similar trial for its own draught elder.

Mr Hatton said it had taken ime to reorganise thoroughly the Arrowsmith tour operator business which, in its first full year of trading since acquisition, had made a loss of £1.1m in the 12 months to September 30.

He added that the reservation system had been computerised and, with a sales office opened in Manchester, holiday bookings for the summer showed a satisfac-tory increase over the corres-

## Second half upturn at SAI

AN ADVANCE of £1.29m to However, after a combination £6.02m in taxable profits was of a higher tax provision of achieved by Scottish Agricultural Industries in the 12 months depreciation charge of £460,000 to December 31 1983. The company, a 62.4 per cent owned subsidiary of ICI, is a manufacturer of fertilisers, com-

posts, animal feeds and a pro-cessor of farm seeds and peat. Turnover for the year advanced from £114.32m to £125.36m. Struck after distribution costs of £8.71m (£8.5m) and selling and administration costs of £7.77m (£7.48m), trading profits emerged at £5.98m, com-

pared with £4.87m.

The taxable result included interest receivable of £381,000 (£332,000) but was after interest payable of £341,000 (£470,000). At the interim stage pre-tax profits were static at £1.8m on turnover of £52.5m (£48.6m).

attributable profits were little higher than the previous year. Below the line, minorities added £7,000 (nil). Extraordinary items this time absorbed £215,000 (credit £179,000), being profit on sales of surplus assets but

including the special deprecia-tion charge in respect of the Carrick Feed Mill which is due to close this year.

The final dividend is being lifted from 10.75p to 12p for a higher total of 18.5p (16.5p). comment

Over half of Scottish Agricultural Industries business is in the manufacture of fertillisers where volume tends to be fairly steady and profits dependent on the ex-

proved to be a little better than the chairman anticipated at the beginning of the year and the ably met market expectations. The company's drive to bring down its debtors resulted in £2m of cash in the bank by the end of the year. SAI expects to continue its involvement in oil re-lated activities now that its joint pipe cleaning venture is well established. The phasing out of animal feed production at Carrick Feed Mill will complete SAI's major rationalisation plans

#### DIVIDENDS ANNOUNCED

	<u></u>		Corre-	Total	Total
	Current		ozigize		last
	payment	payment	div.	year	Acst
Anglo-American Secs	. 3.85	April 13	3.6	5.35	5.1
Bank Lenmi	7	_	7	10.15	10.15
Dale Electric in	t. 1.5	April 9	1.2	-	4
Ewart New Nthn in:	t. 1		1	_	4
Goode Durrant	. 1.25	March 27	1	1.25	1
Imperial Group		_	4.5	7.8	7.25
London Shop int		April 30	1.5	_	5.75
Lonrho	~ -	April 5	5	9	9
Lonrhoji spec. int	L 1	April 5	_		9
Plastic Construction		·	1.33	2.38	2.17
Scot. Agricultural	. 12	April 5	10.75	18.5	16.5
Tribune Invest	. 2.75	April 9	2.5	3.75	3.4
William Ransom int	1.5	<b>-</b> ,	1.5	_	6.5
Yeoman Invest		. <b>—</b>	4.75	7.7	7.25

Dividends shown pence per share net except where otherwise stated.

\*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § To reduce disparity. || Special interim in view

## Who Is Britain's LEADING OVERSEAS HEALTHCARE GROUP?

United Medical Enterprises (UME) has a major stake in the expanding world healthcare services market. It provides hospital management, personnel recruitment, development of healthcare computer systems and procurement of supplies and services worldwide.

UME is just one well known name in the London and Northern Group which includes others equally prominent in their fields such as Pauling, established in civil engineering for over 100 years; Blackwell/ Tractor Shovels, the leading UK heavy earthmoving operators; <u>Edenhall</u>, the UK's biggest producer of concrete facing bricks;

<u>Weatherseal Windows</u>, pioneers and innovators in domestic double glazing; Steel Stockholders of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe and <u>McMillan Offshore</u> (<u>Scotland</u>), major supplier of labour to the UK oil industry.

Send for the latest Report and Accounts to find out more about London and Northern, a Group with £226m turnover in 1982, which has increased or maintained its dividend for eighteen years - every year but one since going public in 1963. London and Northern Group PLC Essex Hall, Essex Street London WC2R 3JD. Tel: 01-836 9261

## Venture Link Limited

Has arranged a Private Placing of Shares for

£1,849,795

Fibre Optic Recognition Ltd.

Oberon International

LONDON and DALLAS

Water Authorities Superannuation Fund

The Ailsa Investment Trust PLC RIT & Northern PLC Guardian Royal Exchange Assurance plc F & C Enterprise Trust PLC The Cardinal Investment Trust PLC General Investors and Trustees PLC

Sharjah Investment Co. (UK) Ltd and others



## **PERSONAL** FINANCIAL PLANNING

It is proposed to publish a survey on the above subject on Saturday, 28th April, 1984 For further details and advertising rates, please contact: NIGEL PULLMAN, FINANCIAL TIMES LTD.
Bracken House,
10 Cannon Street,
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LADBROKE INDEX Based on FT Index 796-800 (-1) Tel: 01-493 5261

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## Cable and Wireless plc Ordinary Shares of 50p each

Offer for Sale by Tender by the Bank of England on behalf of H.M. Government in conjunction with

Kleinwort, Benson Limited Final Instalment Due 17th February 1984

The Bank of England wishes to remind holders of Letters of Acceptance that the final instalment of 175p per Share MUST BE PAID BY 3.00 P.M. ON 17TH FEBRUARY 1984. Cheques for the amounts due, made payable to the Bank of England and crossed "Not Negotiable – C & W Shares", must be forwarded, with the LETTERS OF ACCEPTANCE, TO THE APPROPRIATE RECEIVING BANKER WHOSE NAME AND ADDRESS APPEARS IN THE BOX ON THE RIGHT-HAND SIDE OF PAGE 1 OF LETTERS OF ACCEPTANCE.

Registration of Renunciation The attention of holders of renounced Letters of Acceptance, i.e., those with Form X completed or marked "Original duly renounced", is drawn to instruction 5 on page 3 of the Letter and to the fact that the failure to register renunciation by 2nd March will result in the registration of the shares in the name of the original allottee who will receive the interim dividend payable on

## London and F Construction, Healthcare — and much more besides.

We are pleased to announce the following appointments:

Richard M. Furber

Vice-President and Branch Manager

Benjamin E. Bensinger III Vice-President, Investments

in the Equity Sales Office

Dean Witter Reynolds

56 Leadenhall Street London EC3A 2BH

Tel: 01-481 4242 Telex: 8956201 DWROLG

#### Granville & Co. Limited Member of NASDIM

Telephone 01-621 1212 27/28 Lovat Lane London EC3R 8EB Over-the-Counter Market

Gross Yield Fully
Price Change dw. (p) % Actual taxed
125 — 6.4 5.1 7.3 9.5
139 — 10.0 7.3 ——
74 — 1 6.1 8.2 21.1 21.1
28 — 2.7 4.7 10.5 11.4
197 — 5.0 2.5 4.5 6.3
147 — 15.7 10.7 ——
130 + 15.7 10.7 ——
130 + 15.5 1.7 ——
130 + 15.5 1.7 ——
130 + 15.5 1.7 ——
151 — 6.0 11.8 27.3 44.3
158 — 6.0 11.8 27.3 44.3
158 — 8.7 4.7 7.7 12.8
158 — 8.7 4.7 7.7 12.8
159 — 8.7 4.7 7.7 12.8
150 — 11.4 4.8 13.3 13.6
150 — 11.4 4.8 13.3 13.6
150 — 20.0 18.2 12.8 8.6
10 — 20.0 18.2 12.8 8.6
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11 17.1 7.2 3.7 7.6 



## **Goode Durrant & Murray**

Group plc

Chairman Lionel Robinson reports on the

testics to	3181 October, 1983	
Turnover	1983 £64,521,000	1982 £61,487,000
Profit before tax	£ 2,623,000	£ 2,767,000
Earnings per share	6.1p	7.6
Dividend	1.25p	<b>1</b> p
Net assets per ordinary share	57.6p	51.1p
Shareholders' funds	£14,338,000	£12.788.000

The overall results of Lonrho show a healthy rise of 103% in both profit attributable to shareholders and earnings per share; this is the highest increase for seventeen years.

Lonrho has achieved an enormous amount this year which is reflected, not only in a substantial increase in profitability, but also in the Group balance sheet which remains strong with gross assets approaching £1.9 billion, including cash balances at the year end standing at £109 million.
Total net borrowings, excluding those relating to our confirming businesses, have remained at 30% of gross assets which is the same as last year.

A great deal of management effort has gone into increasing efficiency throughout the Group; these efforts have included the disposal of loss making and low yielding operations such as Hadfields, the Sir Francis Drake Hotel, and the Sunday Standard Newspaper in Glasgow.

I am glad to tell you that our United Kingdom based companies raised profits by over 78% in 1983, and were a major contributor to the overall rise. This improvement has been shared by nearly all trading activities within the United Kingdom and is not limited to a few. Every indication is that our United Kingdom companies will continue to increase in prosperity.

Our traditional activities of agriculture and mining have performed very well this year, which is not only attributable to improved commodity prices, but is also as a result of reduced operating costs and, in most areas, increased production.

The hotel and casino divisions are showing good growth within Lonrho. and these divisions have been expanded through the opening of the new Marquessa Tower at the Acapulco Princess in Mexico and the opening of two new casinos, one in London and the Princess Casino in the Bahamas.

Capital expenditure this year has been restricted to the minimum necessary to maintain our assets at their highest operating efficiency, and we have not undertaken any large long

term projects. We also benefit OBSERVER from a substantial increase in House of Fraser's profits and share price. Lonrho's near 30% holding in House of Fraser and the contribution and stimulus provided to the management

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The Observe of the company by our Directors has undoubtedly assisted in this improvement. The House of Fraser share price continues to reflect the general belief, by shareholders, that the demerger of Harrods is desirable.

The 180 mile pipeline between Beira and Mutare is fully restored and has been pumping fuel to Zimbabwe steadily throughout the year without interruption.

The Lonrho Group, including our associated companies, now employs over 150,000 people.

I know you will want to join all your appreciation for all the hard work and initiative contributed by those who work for Lonrho both in the United Kingdom and overseas and who have made this year so successful with their support. We have adequate reasons in the first quarter's figures to feel that 1984 will continue an upward trend for the Company as a whole.

#### MINING AND REFINING

Improved precious metal prices prevailed over the year, which also saw platinum carry a premium over gold. Moreover, we again raised our platinum group metal output to 180,000 ounces for the year and are now producing some 50% more than two years ago. Group

gold production was well maintained at the 400,000 ounce per year level.



Although precious metal prices continue to fluctuate, favourable exchange rates in all countries where we operate mines have so far cushioned any adverse effect.

Additional refining facilities are being planned for our platinum operations designed to release the large sums which are now locked up for long periods in unrefined inventories. At the same time these changes will save operating costs and improve metal Good progress has been made with

the development of Eastern Gold Holdings, the major new Anglo American Corporation administered mine, which is planned to produce 400,000 ounces of gold annually at full production. Our subsidiary continues to hold its 36% interest in this venture. We are also planning the expansion of operations at the Ashanti Gold Mine in Ghana using loans from a consortium led by the International Finance Corporation.

Revenue from bituminous coal and anthracite mining was only. slightly down in spite of a sharp reduction of sales, in line with the present weakness of coal markets. Capital expenditure at the coal mines was substantially below the level of recent years.

Shamva goldmine, Zimbabwe

## 66Lonrho's attributable profit is up 103% in 1983<sup>99</sup>

## AN UPWARD TREND WILL CONTINUE IN 1984 RWRowland, Chief Executive

#### AGRICULTURE

Lonrho and its subsidiaries are Africa's largest commercial food producers, ranching 100,000 head of cattle and farming 1.5 million acres throughout the continent. The Group has also put more land under cultivation in Africa than any other company in the world.



Mauritius: South Africa and Swaziland returned to overall profitability during the year and increased production to over 420,000

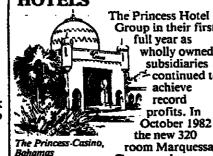
In Zambia, our farming company, Kalangwa Estates, remains one of the largest producers of agricultural goods in the country, with products such as pork, beef, eggs, onions, wheat, maize and potatoes. During the year dairy farming was also introduced, which has proved to be immensely successful.

The drought in Zimbabwe had little effect on the profitability of our agricultural activities. With livestock being in good condition and high average weights being achieved, profits from the sale of 14,500 head of cattle were good. Profit from The Wattle Company, which produces coffee, wattle extract and timber, were also substantially higher, due to better management controls and good coffee prices. We are the largest coffee producers in Zimbabwe.

In Malaŵi our tea estates produced a record crop of 4.8 million kilogrammes. A combination of good rainfall distribution, improved field practices and management skills produced some yields which are probably the highest in Malawi. The combination of high tea prices and production has resulted in profits being substantially up. We also grow tobacco, coffee and macadamia nuts in that country.

Our wattle extract company in Kenya, which also grows mushrooms, oil seed, wheat and maize and ranches cattle, maintained its reputation for high yields and good quality produce and continues to be a major exporter.

#### HOTELS



Group in their first full year as wholly owned subsidiaries continued to record profits. In October 1982 the new 320 room Marquessa

Tower at the Acapulco Princess was opened. complementing the existing hotel which is a masterpiece of creative architecture. This luxury hotel complex, which is set in over 200 acres has proved an extremely popular tourist and conference centre, maintaining high levels of occupancy.

In September it was announced that the Group had acquired a casino in Freeport in the Bahamas. It is intended to renovate completely the casino complex, which will form part of the existing Princess hotel facilities, in order to establish it as one of the finest casinos in the Caribbean.

The Princess Hotel Group now have more hotel rooms in the locations at which they operate than any of their



In the United Kingdom the Metropole Hotel Group held a record 1,050 conferences and exhibitions in Blackpool, in its first full year of operation, has proved a success with 150 conferences and exhibitions being held there. The Pembroke has also achieved a room occupancy level of 70% and is fully booked over the next two years for periods when party political conferences are held in Blackpool.

In Birmingham 575 conferences were staged and for this coming year the signs are that we will accommodate

many more. The London Metropole was busy during the year with its room Improvements to the hotel's facilities this year will yield results in 1984. In the Casino division the most exciting event of the year was the opening of a new casino in London. This luxurious casino has made a very good start. Lonrho operate 8 other

casinos in the United Kingdom, WINES AND SPIRITS Whyte & Mackay Whyte & Mackay Distillers had another satisfac-

tory year.

Although the

United Kingdom industry as a whole continued to operate in highly competitive conditions, Whyte & Mackay maintained its dominant position in Scotland and increased its distribution throughout England. Although export markets were generally difficult, good progress was made in a number of overseas markets.

manufacture of knitted fabrics for use in both industrial and leisurewear products. Besco Baron successfully completed a modernisation programme at its mill in Rochdale.

Our textile companies in Africa had a mixed year. In Malaŵi, David Whitehead achieved good results while completing ahead of schedule the installation of Malawi's only cotton/ polyester cloth manufacturing plant. The newly equipped Blantyre Netting Company exceeded all our expectations and is working at full production to meet local and export demand for polyester bags, nets and twine. David Whitehead in Zimbabwe had a difficult year with demand severely restricted. Following reorganisation the company is now better placed to react to changes in local demand.

#### PRINTING AND **PUBLISHING**

In the year under review the Glasgow Herald's entry into its third century of continuous publication was highlighted by the visit of Her Majesty The Queen.



## YEAR AT A GLANCE

	1983	1982
Turnover	£2356.5m	£2336.2m
Profit before taxation	£113.2m	£75.1m
Profit attributable to shareholders	£40.6m	£20.0m

Earnings per share 15.5p

7.6p £109.4m Cash balances £56.3m

The seventy-fifth Annual General Meeting of Lonrho Plc will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Thursday, 29th March, 1984 at 12 noon.



Château Rausan-Seela, Bordeaux especially Europe and Canada and in

many Duty Free markets. Our French wine interests, which include the famous vineyards of Chāteaux Rausan-Segla, Smith-Haut-Lafitte, La Garde and De La Tour, although affected by the economic situation in France, still maintained good profitability.

In Malawi, we opened two new breweries at Mangochi and Lilongwe bringing the total number of breweries operated in partnership with African Governments and Muncipalities The Group bottles

Coca Cola in Zambia and Pepsi Cola in

Smith-Haut-Lafitte, Bordeaux

#### TEXTILES

Lonrho Textiles, the Group's integrated manufacturing and retail operation, based at Cramlington in the United Kingdom, has continued its longer term strategy of developing its retail network and own brand products such as the "Accord" range which is now amongst the market leaders. During the second half of 1983 more favourable trading conditions resulted in a marked improvement in results. This trend has continued into the current year and with increasing demands on manufacturing capacity we anticipate a continuing improvement

Strong demand throughout the year helped our Lancashire based David Whitehead textile operations achieve increased profits. The John Barnes division has developed yarn and cloth I trading while expanding the



Major reorganisation at George Outram has resulted in improvements in the Glasgow Herald, Scotland's leading national newspaper, and the Evening Times. It is encouraging to see improving performances in both advertising and circulation

in recent months. The Observer, which is the oldest Sunday newspaper in Britain, and was voted
Newspaper of the
Year for 1982, has

performed well during 1983. Our provincial newspaper group, Scottish and The Glassow Herald. Universal Newspapers, experienced Glasgo

another difficult trading year during which the economy was still in recession The key themes of the year have been efficiency and innovation. Every week over one million readers in Scotland read a Scottish and Universal newspaper. Throughout the year, our

newspapers won national and international awards for research and community services. Greenaway · Harrison, one of the

country's leading printing houses, has had a very successful year. The programme of capital expenditure to ensure the most advanced facilities and techniques for financial and security printing has progressed well. The extensive computer typesetting installations in this company, built up over the last few years, are unmatched by any other commercial, financial or city printer. The highly skilled design unit based in central London has won domestic and international credits and awards for its work.

The Harrison Group, postage stamp and security specialists, continued its programme of capital investment in

new product development and new areas of specialisation.

Harrison were proud to print, for the British Post Office, stamps which won two top international philatelic

The educational publishing and bookselling divisions of Holmes McDougall gained important new export contracts and the reorganisation of its colour poster operations in the United States has been highly successful.

High quality label printing for the wine and spirits industry performed well and a number of major new contracts were obtained.

Holmes McDougall were awarded the publishing contract for "Crime, Law and Society" by the Home Office.

The Group also publishes newspapers in Kenya including The Standard and Sunday Standard.

#### **ENGINEERING**

The recession in the United Kingdom continued to affect most of our engineering companies during the first half of 1983. However, there are signs that the modest recovery in the economy which began in the summer will continue.

Hadfields was acquired by a consortium headed by the British Steel Corporation as part of the first stage of the Engineering Steels Industry Rationalisation plan, code named Phoenix II.

Newell Dunford, the process plant engineers, is the leader in the field of waste disposal technology, manufacturing plants which convert household waste into low cost fuels, thereby reducing energy costs and resolving the environmental problems associated with the traditional methods of waste disposal.

Lightfoot Refrigeration has enjoyed another successful year and has completed a number of large overseas

Our furniture companies maintained progress in a difficult market and Sheer Pride, the metal office furniture manufacturer, successfully launched a new range of filing cabinets which are fast becoming market leaders.



Buses built by W. Dahmer & Co., Zimbabwe Our land renewal company,

Sportworks, won the Grand Award of the British Association of Landscape naustries for the best exec contribution to environmental improvements for their work on the Calton Church Precinct in Glasgow. They also gained the principal award for the first major park to have been created in Glasgow since the Second World War.

Overseas, our Belgian subsidiary S.E.E., which is producing water treatment plants for Nigeria, Cameroon and North Africa, is progressing satisfactorily and prospects for further major orders are

In Zimbabwe, Dahmers maintained their dominance in the local truck and bus market, with sales of 424 units. Progress is being made in obtaining export markets for their vehicles, which are designed locally and are

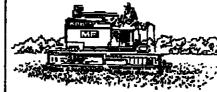
excellent for use throughout Africa. In addition, Vitretex Paints, our paint manufacturing company in Zambia, had a record year.

## MOTOR DISTRIBUTION

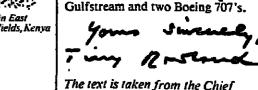
V.A.G (United Kingdom) the sole U.K. importer for Audi and Volkswagen products has improved its unit sales performance every year since its acquisition in 1975 and has once again achieved record sales and profits.

Total vehicle sales of 110,000 units ensured that V.A.G has maintained its position as the leading importer of European cars. The 1983 Car of the Year Audi 100 has quickly established itself in the market and has now been joined by a sporty estate version, the Avant. During 1984 the company will launch a most significant new model which will be a replacement for the best selling Volkswagen Golf.

The Group is also the sole importer Volkswagen and M.A.N. trucks and buses into the United Kingdom. The Dutton-Forshaw Motor Group, whose principal activity is the distribution of BL vehicles,



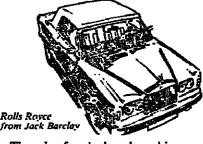
Massey Ferguson combine harvester in East African Tanning Extract Co.'s wheatfields, Kenya



Executive's Review contained in the Report and Accounts for the year ended 30 September, 1983 which will be published in late-February. Copies will be available from The Secretary, Lonrho Plc, Cheapside House. 138 Cheapside, London, EC2V 6BL.

substantially improved its performance in 1983. Rationalisation of their depot network continued and, allowing for closures, they maintained just under 6% of sales of BL's products, with sales of over 31,000 vehicles. The Dutton-Forshaw Group also increased its share of the national Jaguar sales in the U.K. by 24% compared with the national increase of 10%.

Throughout the year Jack Barclay retained their position as the number one distributor of Rolls Royce cars, accounting for 22% of United Kingdom sales. The extensive service facilities at Battersea performed well under their new senior management.



The sale of agricultural machinery ncreased considerably during the year particularly Deutz tractors, and Fahr combine harvesters. Distribution and

service facilities were expanded. Western Machinery had an outstanding year. The sale of Taarup and Welgar agricultural equipment was again highly satisfactory.

In Africa our motor vehicles and agricultural machinery distributors performed well. We are Africa's largest and most widespread motor distributor, holding nearly every major franchise including Mercedes Benz, Land Rover, Toyota, Peugeot and General Motors in one country or another. In Nigeria we have successfully established a vehicle leasing operation and a number of substantial contracts have been concluded with large fleet users.

#### KÜHNE AND NAGEL

The Kuhne and Nagel Group of companies, with 300 offices all over the world, continued to run its shipping, forwarding and warehousing business successfully. In Germany the company has extended its freight terminals in three cities and introduced a nationwide parcel service system, whilst warehousing in North America was extended by the acquisition of a warehouse in Chicago.



Transport connected activities such as ship brokerage, crating, port handling and travel have been further developed and a subsidiary of Kühne and Nagel has been entrusted with the formation of a national shipping line for a major African country.

#### PROPERTY, EXPORT CONFIRMING, FINANCE AND AIRCRAFT

London City & Westcliff Properties and A.V.P. Properties, our property investment companies, have had another successful year. Together with Lonrho, these companies own a diverse portfolio of commercial, residential and industrial properties in England and France. During the year the Group has realised certain low yielding industrial properties, leaving it with a well balanced portfolio of properties which have a current value in excess of £66 million. Notwithstanding these disposals, there has been an increase in the gross rental income of the property portfolio.

In October 1983 we also purchased the prestigious "45 Park Lane" site in London which will be a valuable addition to our property portfolio.

The international confirming and financing activities of Balfour Williamson continued to be adversely influenced by the deterioration of world wide trading conditions over the past years. However, performance in 1984 is expected to show a marked improvement.

The volume of exports to West Africa being financed by John Holt was reduced in 1983 as a result of tighter controls on imports to Nigeria.

The Nigerian investment and property company J.H.I. maintained its impressive growth record and has now acquired a controlling interest in an established Lagos Finance House, the benefits from which will accrue in

Our cotton broking firm, Baumann Hinde, had a satisfactory year's

Our Beechcraft franchise in Africa recorded the best world wide divisional sales of these aircraft for 1983. The Group also holds the Lear Jet franchise in Africa. Total sales of aircraft in the year amounted to 82

During the year Tradewinds Airways continued to operate services to Africa whilst gradually converting charter services to scheduled routes. The airline has already commenced scheduled freight services to the U.S.A. and the Sudan.

The Group currently owns or leases a total of 38 aircraft including a Gulfstream and two Boeing 707's.

The text is taken from the Chief



Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

## Dale Electric maintaining recovery

Dale Electric International has maintained its recovery through

Dale, a manufacturer of electric generating sets, achieved a 10 per cept advance in trading

**BOARD MEETINGS** 

**UK COMPANY NEWS** 

BOARD M

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering held for the purpo

t year's final dividend was "Similarly. Dale Electric-with taxable profits at Associated Engineering in Thal-land is fulfilling positive expecta-Commenting on the results Mr tions." And he says despite Comment

H. Dale, chairman, says: difficult trading conditions in Dale is slowly but surely come.

national Investment Trust, Sendvik Aktiebolag, Wagon Finance, FUTURE DATES held for the purpose of considering dividends. Official indications are not available 32 to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Gripperrods, S e c b d d Aliance Trust, Wiggins.

Finals: Channel Islands and Inter-

electric generating sets, achieved a 10 per cept advance in trading profits from £1.47m to £162m on a 2 per cept advance in turnover to £19.44m, against £19.68m.

The taxable result was further helped by a reduction in borrowings which cut interest charges by £45.000 to £350,000. The associated company profit was £37,000, compared with a loss of £53,000.

In a move to recognise the increase in profitability and a need to move towards an need to move towards an need to move towards an equalised dividend between the interim and final periods the directors are lifting the current payment by 25 per cent to 1.5p per 10p share.

Last year's final dividend was £350,000. The sacciated £19.93m.

Tax for the opening period as a separate company with all objectives met.

"Similarly, Dale Electric is making head "back of petro-dolars for project lack of petro-dollars for project finance. For this reason, the benefits of a favourable sterting rate have now had a more meaningful effect."

Looking at other operations be says that Houchin, the aerospace ground power manufacturer, has need to move towards an equalised dividend between the interim and final periods the directors are lifting the current payment by 25 per cent to 1.5p per 10p share.

Last year's final dividend was 2.5p with taxable profits at £1.93m.

Last year's final dividend was 2.5p with taxable profits at £1.93m.

comment

## Munford retracts optimistic forecast

THE DIRECTORS of USA comrang Munford and White have revised their profit forecast for the current year and now tell shareholders that the pre-tax result is unlikely to match that of the previous year.

tough overseas trading climate is the level of risk taken by one of Dale's Middle East salesmen the previous year.

In the interim report (taxable profits then were £43,000 higher at £150,000) they said they were confident that prospects for the second six months, which should reflect benefits of increased capacity and new products coming on stream, were very good. from Beirut after living out of a basemeut loo in one of that city's major hotels. Fortunately, the flak is less heavy over the home market, thanks to the boom in information technology. This has boosted orders for stand-by generator sets as more companies instal computer systems. An odded bonus has been a £2m order book from the Ministry of Defence to keen it

good.
In a progress report now it is pointed out that since the in-terim results were published a number of events have occurred which have led the directors to regard that statement as "over Munford and White, based in

Richmond Surrey, manufactures electronic security equipment. They explain that with the introduction of the new product range, demand for some of the company's existing traditional products has fallen far more than anticipated.

anticipated.

The company has experienced technical difficulties with one of its newly introduced products and, though the directors now say these have been overcome, sales have been affected.

The directors say extra costs have been incurred in setting in the new manufacturing faci.

have been incurred in setting up the new manufacturing facilities in Clevedon, Bristol, and although overheads at Richmond are being reduced, profits in the current year have been "adversely affected."

Also substantial development costs for the new DIY product have been incurred which has not, as yet, contributed to profits. However, they believe that this will be a very successful product for the company—the product will be launched nationally in April.

The directors remain fully confident on the longer term prospects for the company based on the new product range, the on the new product range, the DIY product and the increased

manufacturing capacity

THIS YEAR'S results of from its 90 per cent-owned Canada's nickel-producing Inco Vatukoula mine in Fiji in the are expected to improve "significantly" over those of 1983 and January 1 totalled 11,844 oz.

The underground operation treated 31,590 tonnes of ore at an average grade of 423 grammes of gold per tonne to produce improving the state of the state Clevedon.

The current year ends on March 30. Pre-tax profits for 1981-82 totalled £453,000.

Net asset value per 50p share

of New Tokyo Investment Trust virtually doubled from 145.6p to 290.3p in the 12 months to

290.3p in the 12 months to December 31 1983. After adjustment for exercise in full of rights attached to warrants, the value emerged at 273.7p compared with 141.5p.

Taxable profits for the year were £28,000 (£25,000), from which tax took £34,000 (£20,000) to give a loss per share of 0.05p (profit 0.08p).

(profit 0.06p).

## Ergo plans £20m rights issue to finance expansion

mine wastes for the recovery of gold and uranium.

Ergo, part of the Angle American Corporation of South

Africa group, xesterday made public proposals to raise some ROSm (£20m) through a rights issue of convertible debentures. A special meeting to consider issue of convertible debentures. A special meeting to consider the necessary increase in Ergo's dam which holds Ergo's own authorised capital will be held in Johannesburg on Friday, March 2.

The terms of the issue have not been disclosed.

The terms of the issue have not been disclosed.

The terms of the issue have not been disclosed.

The funds raised will go towards financing the estimated R209.5m capital cost of the venture. Ergo has always been taxed as a gold mining company, so that capital spending to expand output can be written off capital spends for tax numbers. expand output can be written off against profits for tax purposes.

This will reduce the net cost to around R89m.

The gross amount includes

R118m for the construction of a cost of R60m.

In order to preserve the integrity of the material in the Withok dam until it is treated at the end of the nextdecade, Ergo is extending its present tailings dam at a cost of R31.5m.

That brings the total to

FURTHER DETAILS have now im tonnes per month carbon-in-emerged about the ambitious leach recovery plant at Dagga-plans of South Africa's East fontein to treat 150m tonnes of Rand Gold and Uranium (Ergo) material from 11 dumps in the to expand its treatment of old Springs area.

Springs area.

These dumps have been acquired from Ergo and its partner in the venture, East Daggafontein Mines, by Dumpco, a wholly-owned subsidiary of East Dagga. The plant is expected to be commissioned in 1986.

R208.5m. of which R30m will have been spent by the end of the current financial year on March 31. Expenditure on the project is

expected to reach a peak of R55m in the year to March 1985, with R47m the year after, then R55m and finally R24.5m in the year to March 1988. This programme may have to be deferred if there is in-sufficient taxable income in any

purposes. waste material, has also been acquired by Dumpeo. Material from this source will be treated in the late 1990s when spare capacity becomes available at an extension which is being built at the Ergo plant.

This extension should be commissioned early next year at a cost of R60m.

In order to preserve the integrity of the material in the withhy dam partil it is treated at the sum of R24.6m

issue and the sum of R24.6m payable from Dumpeo in respect of the acquisition of the dams,

Gopeng group

## **Goode Durrant shortfall** as UK profits slump 45%

A NEAR 45 per cent fall in UK pear from banking services, conprofits resulted in Goode firming and financing fell to Durrant and Murray Group returning lower overall pre-tax profits of £2.62m against £2.77m for the year to October 31 1983. Profits at home fell from profits from the retail department of £21,000 offsetting an advance of £21,000 to £1.04m in Australia and New Zealand, and Overall group turnover ex-

advance of £241,000 to £1.04m in
Australia and New Zealand, and
a £160,000 rise in South African
profits to £849,000. Profits in the
U.S. were £14,000 lower at
£84,000.

At the interim stage, group
taxable profits were ahead at
£1.02m against £991,000.

A breakdown by activity
shows that profits during the

to £1.04m.
Overall group turnover expanded from £61.49m to £64.52m.
Profits were subject to tax of
£1.09m (£893.000) giving a net
balance of £1.53m (£1.87m).
Minorities took £47,000
£34,000) and there were extraordinary credits of £70,000
£98,000) leaving an attributable
surplus of £1.56m (£1.94m).

This announcement appears as a matter of record only **A.P.S. GROUP LIMITED** £1,000,000 Ordinary Shares

SHANNING INTERNATIONAL LTD. (total hospital equipment packaging) A.P. CONTROLS LTD. (medical systems engineering/controls) APPLIED PNEUMATICS LTD. (compressed air plant/oneumatic systems)

The undersigned arranged the Private Placement of these shares with U.K. Institutional Investors. HOARE GOVETT LTD. KRIDEL & CO. LTD.



The following points were made at the annual general meeting:

Although demand is holding it is not easy to achieve greater profitability

Owing to growing nationalism it is increasingly difficult to sell in many export markets. Are you buying British?

RESULTS - YEAR ENDED 30th SEPTEMBER

	1703	1702
	£000s	£000s
Sales	44,173	40,463
Net assets	12.695	12,372
Profits before tax	1.314	1.122
	Pence	Pence
Earnings per share	5.02	4.92
Dividends per share (gross)	4.73	4.73
Net assets per share	67.15	65.44
Copies of annual report and accounts	are gvailable from:	Concentric Pla

## U.S. \$10,000,000

Floating Rate U.S. Dollar Negotiable Certificates of Deposit, Due 9th August 1984 THE SAITAMA BANK, LTD. LONDON



In accordance with the provisions of the Certificates, notice is hereby given that for the final six months interest period from 9th February 1984 to 9th August 1984 the Certificates will carry an interest Rate of 10½ % per annum. The relevant interest payment date will be 9th August 1984.

Merrill Lynch International Bank Limited Agent Bank

US\$100,000,000

## Merrill Lynch Overseas Capital N.V.

(Incorporated with limited liability in the Netherlands Antilies) Guaranteed Floating Rate Notes due 1987 Unconditionally Guaranteed by

#### Merrill Lynch & Co., Inc.

In accordance with the terms and conditions of the above-mentioned Notes and Fiscal Agency Agreement dated as of April 15, 1981, between Merrill Lynch Overseas Capital N.V., Merrill Lynch & Co., Inc., and Citibank. N.A., notice is hereby given that the Rate of Interest has been fixed at 10½ p as and that the interest payable on the relevant interest Payment Date, May 10, 1984 against Coupon No. 12 in respect of US\$5,000 nominal of the Notes, will be US\$125.78.

February 10, 1984, London By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBAN( •

## Wm. Ransom jumps 120% and further growth seen

AS EXPECTED, William Ransom & Son recovered sharply during the opening six months, pushing the opening six months, pushing the opening six months, pushing the opening six months are level.

Provided there is no slackening of demand this month and next, Mr M. H. Ransom, the chairman, expects the second six months to produce profits similar able profits £38,000 ahead at the covery which started in the autumn of 1982 has continued.

The net interim dividend is held at 1.5p from earnings of 4.57p (2.08p) per 10p share.

Tax accounted for £74,000, against £34,000, to leave available profits £38,000 ahead at months to produce profits similar to, or slightly in excess of, the £200,000 attained for the same

In his last statement, Mr Ran-som said that compared with the

a background of patchy export that he was more cautious about markets and pressure on margins in the home market.

He adds, however, that the side the group's control.

back of improved operating margins rather than any under-

lying growth in group sales, where an encouraging upturn in the UK is being offset by extremely tough competition overseas. The main inhibition to

growth is that the company's customer case ex-UK is in many of those OPEC countries which are strapped for cash at the moment. An illustration of the

who has just been evacuated from Beirut after living out of

the Ministry of Defence to keep Fortress Falklands in light, water and heat On current form

water and near. On current form Dale looks good for at least £2.5m this year, against £1.9m last time. A fully-taxed prospective p/e of 9 at 83p, down 3p, looks about right for a solid stock which is well positioned to take advantage of any sparks.

to take advantage of any sparks in the marketplace when they

able profits £38,000 ahead at £69,000.

# AN INQUIRY by the local chief inspector of mines has confirmed that the accident over the Christmas period in which five men lost their lives in South Arica's Driefontein Consolidated gold mine was caused by a rock burst. This particular rockburst, a "reportable" injuries. These injuries are defined as those which are seriously disabling or which result in the loss of at least 14 "he accident the severe accident the sever

**Driefontein rockburst** 

MINING NEWS IN BRIEF

about at depth by the severe are seriously disabling or which pressures on the surrounding strata, measured 4.6 on the Richter scale, according to the inspector.

The accident happened on December 27 at a depth of some are seriously disabling or which the loss of at least 14 man-shifts.

In all, 57 men were treated in hospital after the accident, most of them for relatively slight injuries.

The company said that the improving trend was reflected in

the fourth quarter operating loss of \$20m compared with \$90m in

Zimbabwe dollar against the U.S. currency helped to limit the fall in the gold price received by the mines in the Falcon Mines group in the quarter to

December 31.
This factor combined with the exploitation of higher-grade ores at the Dalny and Venice mines to boost net profits for

the period to 281 24m (£777,500), compared with Z\$1.22m in the September quarter.

A maintenance shutdown at Dalny in October cut the mill

throughput, but the company hopes to mill the stockpiled ore during the current quarter and thus maintain the tonnage milled in the full year.

Net profits of Falcon for the first nine months of the current

financial year were ZS1.58m.

Australia's Emperor Mines
reports that gold production

the same period of 1982.

\* \* \*
THE WEAKNESS of

confirmed by inquiry

an average grade of 4.23 grammes of gold per tonne to produce 4.293 oz, while the open-cut treated 57,096 tonnes at 4.11

grammes per tonne and produced

Western Mining has a 10 per

Mineable reserves to date at the Kalgoorlie joint venture of Australian Occidental (55 per cent) and Black Hill Minerals

(45 per cent) are put at 4.6m tonnes grading an average 2.9

any figure on reserves below 60

metres but has indicated that the

been found on the Union South

Meanwhile, adequate water supplies are said to be available for milling and the joint venture

is awaiting the full and final feasibility atudy from its consult-ing engineers which is due in a

few weeks' time,

cent holding in Vatukoula.

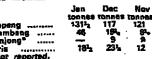
7,551 oz of gold.

## tin output THE LATEST tin concentrate

increases

producers in Malaysia's Gopeag group show good rises from Gopeag Consolidated itself and the newer Mambang Di-Awan

The main Gopeng company's output rose to 1811 tonnes in January from December 117 tonnes, while Mambang achieved 46 tonnes against 191 tonnes in December, when the dredge was in operation for only half of



## Palabora pays higher final

AFTER having seen their 1983 third quarter dividend reduced by 5 cents to 12.5 cents (10p), shareholders of the Rio Tinto-Zinc group's South African Palabora copper operation might well have prepared themselves for an unexciting final payment, expectably in press of the down especially in view of the down-turn in copper prices during

turn in copper prices during the fourth quarter.

But the final payment is increased by 5 cents to 27,5 cents, thereby maintaining the year's total at 60 cents. And this is in the face of a fall in copper sales during the fourth quarter from the level of the previous three months. The joint venture has not put Previous three months.

ror the copper sales were modestly higher at 124.211 tonnes against 122,345 tonnes in 1982 and a higher average metal price would have been received. open pits have been designed to 90 metres. A further zone of potentially economic gold mineralisation is stated to have

As forecast, earnings for the second half of 1983 have not matched the good performance seen in the first six months. But the uet profit for the year is still ahead at RSI.9m (£25.3m) compared with R27.9m for 1982; the latter figure was struck before deducting deferred taxa-tion of RS.25m.

COMPANY NEWS IN BRIEF Net asset value per 10p share of F. & C. Enterprise Trust in is to reduce disparity. Last year's managed to boost the net asset creased from 23.6p to 33.4p as at December 31 1983. For the 12 months to that date, pre-tax revenue rose slightly to £117,542, compared with £115,110.

After tax of £34.871 against

\* \* \*
Net asset value per 25p share
of Drayton Far Eastern Trust rose to 122.25p at December 31 4.15p (3.7p) basic, and 4.05p 1983, compared with 85p the pre- (3.6p) fully diluted. In making the calculation.

directors have included dealing inevstments at market value. They say no account has been taken of the possible exercise, between 1984 and 1991, by holders of warrants to subscribe for 1.8m ordinary at a price of

101p.
The final dividend is maintained at 0.45p, making a sameagain net total of 0.85p. Net revenue for 1983 was £147,000 after tax £126,000 Increased pre-tax profits, up from £1.95m to £2.37m, are reported by London Shop Property Trust for the half-year to October 31 1983. The interim dividend is raised from 1.5p to

ABN. Bank 9%
Allied Irish Bank 9%
Amro Bank 9%
Henry Ansbacher 9%
Arbuthnot Latham 9%
Armeo Trust Ltd 9%
Associates Cap. Corp. 91%
Banco de Bilbao 9%
Bank Hapoalim BM 9%

Bank of Ireland 9
Bank of Ireland 9
Bank Leumi (UK) plc 9
Bank of Cyprus 9
Bank of Scotland 9
Banque Belge Ltd. 9
Banque Belge Ltd. 9
Banque Banque Mande 10
Barclays Bank 10
Bremar Holdings Ltd. 9
Britt Bank of Mid. East 9
Brown Shipley 9

Brick Bank of Hill Fast 9 % CL Bank Nederland ... 9 % Canada Perm't Trust 10 % Castle Court Trust Ltd. 9 %

Citibank Savings ...... 101% Citibank Savings ...... 101% Clydesdale Bank ...... 9 % C. E. Costes

A.B.N. Bank

managed to boost the net asset value of its shares by more than 27 per cent, from 202.6p to 259.3p. Franked income totalled £1.2m (£1.13m), while unfranked income was slightly lower at £391,000 (£404.000). The interest charge was £43,000 (£46.000) and administration expenses were £120,000 (£113,000). Pre-tax revenue for the year was £1.42m (£1.38m) on which there was a tax charge of £457,000 (£469,000), leaving earnings per share at 7.86p (7.41p).

compared with £115,110.

After tax of £34,871, against 545,761, earnings per share were 0.147p (0.138p).

Franked income for the period was well ahead at 193,721 (£36,935) and unfranked income was £299,730 (£249,263).

Management expenses and interest took £275,909 (£171,088).

\* \*

Net asset value per 25p share

Property and investment trading was down from £84,000 to £61000. The contribution from bousebuilding was up from £197,000 to £255,000, and listed investment income was £33,000 (£54,000). Net interest payable was higher at £1.33m compared with £1.15m. First half tax rose from £755,000 to £101m, and there were minorities of £23.000 (£10,000). Earnings per 25p share were

> For the six months ended October 31 1983 Ewart New Northern, commercial and industrial property developer, returned pre-tax profits of £23,313, which compare with £22,472 for the opening half of

the previous year.

Earnings emerged at 2.32p (2.26p) per £1 share after tax of £5.063, against £4.660, and the net interim dividend is the same (£137,000) after tax £126,000 at 1p—a final of 3p was paid for (£130,000).

\* \* \* £47,946 (£38,805).

Yeoman Investment Trust has raised its final dividend for the year 1983 to 5.2p from 4.75p, making a total of 7.7p, compared with 7.25p. During the year to

Mallinhall Limited ... 9
Edward Manson & Co. 10
Meghrai and Sons Ltd. 9
Midland Bank ... 9
Motgan Grenfell ... 9
National Bk. of Kuwait 9
National Bk. of Kuwait 9
National Westminster 9
Norwich Gen. Tst. 9
R. Raphael & Sons 9
P. S. Refson & Co. 9
Roxburghe Guarantee
Royal Trust Co Canada 9
Standard Chartered ... 9
Trade Dev. Bank ... 9
Trustee Savings Bank 9
United Mizrahi Bank 9
Volkskas Intal. Ltd. 9
Westpac Banking Corp. 9

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Holborn Currency Fund Limited

Sw Fr Dep.

J. Yen Dep.

DM Dep. DM 50.01 DM 50.20

Sw Fr NO Sw Fr 50

Yen 5,002 Yen 5,021

Holborn Fund Management (Guernsey) Ltd., P.O. Box 61, Bernmida House, St. Julian's Ave., St. Peter Pure, Guernsey. 0481-26268.

Office

96.5p

\$9.69

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# Sergeant J\*n\*k\*n was hit on the head



## he lost his reason

After 3 years in the last war, after keeping the peace in Kenya, after seeing through the evacuation of Aden, during a tour in Northern Ireland Sergeant J"n"k"n was hit on the head. With a stone.

He lost his reason.

He has been with us ever since he was invalided home. Sometimes in hospital, sometimes in our Convalescent Home—wherever he is, we look after him. One day, he'll probably enter our Veterans' Home for good, still thinking that the next man in the street is about to attack him.

Every year brings in more and more deserving cases like Sergeant J'n'k'n. For those who are homeless and cannot look after themselves in the community, we provide permanent accommodation in our Hostel.

And every year our costs go up. If we are to survive, we must have more funds. We're doing everything we can, but in the end it depends upon what you can afford to give.

> "They've given more than they could please give as much as you can."

**EX-SERVICES** 

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COM

Constituting the

BETER LANGE

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## **Taddale** bid rejected by Prince of Wales

By Charles Batchelor Prince of Wales Hotels yesterday rejected a £7.85 cash bid from Taddale Investments, the industrisi holding group which re-cently failed in its attempt to gain a Stock Exchange listing. Taddale said it would place with institutions any shares acquired in excess of a 60 per cent stake.

Taidale, which is PW's largest shareholder with a 14.8 per cent stake, is offering 130p cash for each 25p PW share through a newly-formed company, Taddale Hotels Europe (THE). PW's share price rose 23p to 140p yesterday, while Taddale's rose 1p to 39p.

Mr Michael Carlton, Taddale chairman, said he had been considering bidding for PW for the past six months but had been rushed by PW's amountement at the end of last month of plans for a one-for-two rights issue.

The rights issue, which will part-fund PW's purchase of St Georges Hotel in central London from Trustinouse Forte for £3.62m is to be put to share-holders on Monday. The Taddale bid is conditional on the St Georges purchase not going shead

As part of its proposed move into the hotels sector Taddale has signed an agreement with Quality Inns of America, a hotel management group. Taddale will take an initial 20 per cent stake in the joint company which would manage the PW hotels and form a springboard for the expansion of Quality Inns into the UK and the Continent.

Taddale said it also has two experienced hoteliers on its own management team, Mr Willam Crossman, with 35 years' experience in the sector, and Mr Tony Hothwell, chief executive of Best Western Hotels, a hotel marketing operation. Mr Rothwell owns

ing operatoin. Mr Rothwell owns
10 per cent of THE.

Mr Arnold Clayman, chairman
of Southport-based PW, said:
"We are secretical of the hotel
expertise they are talking obtu.
They have cobbled together a
management package at the last
moment. They don't have the
financial muscle to make a full
bid." control systems, has agreed in principle to sell its wholly-owned subsidiary Tricom Supplies to Walter Lawrence, a construction and engineering

Schroders, advisers to PW, said that the holders of more than 50 per cent of the PW shares had indicated—before the Taddale bid was announced—that they would approve the St George's purchase. Shareholders contacted yesterday were still in favour of poinc ahead with the extracoing ahead with the extra ordinary meeting on Monday but Schroders is taking legal advice on whether to adjourn the meet-ing to allow shareholders to sider the Taddale offer.

PW dismissed Taddale's offer s "unacceptable and totally inas "inacceptable and totally in-adequate," pointing to an asset valuation of 150p per share carried out last year. PW, which owns 10 hotels, expects to make a pre-tax profit of \$700,000 in 1983 against £583,000 the year

Mr Michael Carlton, Taddale's pian to buy the St George's Hotel meant we were left with no time to complete a deal with Quality Inns. At the end of the day we would like to have a 50/50 arrangement with them in the PW management group."

PW management group."

Moving into hotels is intended to give Taddale a new identity. Mr Carlton said. The Stock Exchange turned down the company's application for a listing last September on the grounds it had no identifiable business activity which had been carried on for five years. on for five years.

## Fisons first major U.S. acquisition

nanufactures pharmaceuticals products and scientific instruments has agreed scientific instruments has agreed to purchase Cartin Matheson Scientific (CMS) from the private U.S. company Coulter Electronics, in a deal that will cost them about \$85m (£59.7m).

The purchase marks Fisons' first major U.S. acquisition, and will make it the second largest manufacturer of clinical labora-

will make it the second largest manufacturer of clinical laboratory products in the U.S., and the third largest distributor of scientisc products in the world. The deal, which has been under discussion since autumn under discussion since autumn

The purchase has been funded by issuing 4.91m Fisons shares to Coulter. These shares were placed in the London market early yesterday, at a price under-

stood to be about 725p per Fisons share. CMS is based in Houston, Texas, and is a major distributor to the U.S. health and care mar-ket. It supplies clinical

laboratory products, instruments

bettered only by American Scientific Products, which claims

the world leader in blood cell now account for almost 50 per counters and other haematology cent of group turnover. In the instruments. It is understood that U.S. in particular, the expansion will counterbalance its pharmaceutical fresh funds for research in those areas practical and horticultural operations, Mr Kerridge said. other areas, particularly genetic engineering and other micro-

biology work.

As part of the agreement, CMS retains for the next five years the exclusive right to distribute Coulter instruments in and diagnotistic reagents, and claims a 14 per cent share of the U.S. clinical market. This is the U.S. The price of these products is to be enhanced, adding at least \$3.5m to CMS's profits in at least 33.5m to CMS's profits in 1984, Mr John Kerridge, Fisons' on Chief executive said yesterday. has In the year to March 31, 1983, CMS CMS's profits before tax were per

Fisons, the UK group which board CMS borrowings of about \$220m a year by Mr Wallace The deal boosts Fisons' scientific instrument operations, which agrochemicals, \$35m.

Fisons has planned for the pa year both to expand in the U.S., and to attract U.S. investor interest in the group. In October last year, it placed a \$15m conalert attention to its operations.

Mr Kerridge said the group was not concerned about taking on CMS's debts. Fisons currently has no borrowings, and after the CMS deal, its gearing will be 10

See Lex

## Sunlight acquires rival's subsidiary

Comtech sells

Combined Technologies Corpa, designer and manufacturer of

construction and engineering concern.

Consideration for the sale, in which Lawrence will take on a £2.32m loan owed by Tricom, is approximately £2.5m. The deal will be satisfied by the allotment of 1,178,310 ordinary shares in

Lawrence, which have been placed by Hoare Govett.
The sale of Tricom, engaded in the business of builders and plumbers merchants, is in accord-

subsidiary

for £2.5m

BY DAVID DODWELL

distiller, yesterday squashed all

remaining hopes of an improve-

ment on its £27m all-share bid

for Gleneagles Hotels when it

declared its offer final. The bid

will close on Thursday, February

Bell has won control of over 52 per cent of Gleneagles shares, and has already declared the bid

unconditional,
The Gleneagles management,

which controls the prestigious Gleneagles Hotel in Perthshire,

two hotels in Edinburgh and the Piccadilly Hotel in London, is nevertheless maintaining the defiant stance it has held since the bid was first mounted a

The other operations have combined net worth of £1.18m

that these acquisitions represen an important step in achieving national coverage and establish

## Terms for Gleneagles are final

equity. In a separate venture, ECI is acquiring a 16 per cent holding in Combustion Develop-ments and is providing £100,000 in additional finance. Arthur Bell, the Scotch whisky with shareholders accounting for £32.4m, giving a surplus of istiller, yesterday squashed all the outstanding 47 per cent of £14.4m over net book value.

Gieneagles shares proclaiming When releasing these figures,

Acceptances of the Reed Stone-house offer for Stenhouse Hold-ings have been received in respect of 96.8 per cent of the shares. The offer has become unconditional and Reed Sten-house will apply to acquire the

many markets but have a joint-venture, TRW Ferranti Subsea

-incorporated in Scotland and 51 per cent-owned by Ferranti—which supplies automatic control equipment for offshore applications.

Ferranti's shares fell 4p to

**Ferranti** 

in U.S.

Osprey Petroleum intends to recommend shareholders to accept a formal offer of 115p a share, which is being made by Bristol Oil and Minerals.

## Early acceptance by pays £6.4m Prudential in £11m offer for F. Miller expansion By Charles Batchelor Ferranti, the electronics group, is to pay about \$9m (£6.4m) to buy TRW Controls Corporation

Prudential Assurance made an early and potentially decisive move in the battle for control of Glasgow-based F. Miller (Texbuy TRW Controls Corporation of the U.S., a manufacturer and supplier of control, data acquisition and energy management systems for the gas, electricity and oil distribution industries.

The UK company already makes similar process control tiles) when, a week before the final bid deadline, it accepted the contested £11m equity offer from Nottingham Manufacturing. The institution holds a 10.4 per cent stake in Miller and its comequipment at its Wythenshawe division in Manchester but the purchase of the U.S. group from TRW Inc will open up markets in North and South America. mitment to Nottingham lifts the miniment to Notingham little the bidder's acceptances to 33.05 per cent of Miller's equity. The movement of a proportionately significant holding by such an influential institution may possibly persuade other wavering funds to take Nottingham's one-for-six share exchange terms Ferranti has made a number of small acquisitions in the U.S. of small acquisitions in the U.S. in recent years spending a total of \$50-\$60m. Turnover in the U.S. and Canada amounted to £26m in 1983, out of the group total of £372m.

It has reached agreement to buy TRW Controls of Houston, Texas on April 2 at a price to be based on net assets at March 31. The cash payment is expected to be about \$9-\$10m.

TRW Controls employs 270 people and has turnover of \$20m annually. It currently forms part of TRW's electronics and defence division.

for six share exchange terms.

However, resistance to the bid, instigated by Grieg Middleton, Miller's former broker, and now marshalled by the Scottish
Development Agency (SDA) has
be no means ended.

The SDA had already
approached each of Miller's uncommitted institutional share-

Government Securitles...... Advance & other Accounts , Premises Equipment & othe Notes Coin

said to be experienced in the textile and engineering fields, has not yet been named but it is expected that a leading merchant bank will be engaged today to advise on their plans to be opted on to the F. Miller board. It is possible that the current chairman, Mr Freddie Miller, will be asked to stay on Although Prudential's move may yet precipitate a third party bid, the arrival of a new contestant is now thought very unlikely. The absence of a higher offer looks to have influ-enced Prudential's decision. A key point for the hitherto uncommitted funds is the extent to which an incoming manage-ment team can maintain Miller's traditional links with Marks and

the SDA had already approached each of Miller's uncommitted institutional shareholders, bar the Prudential, and received indications that all 24 funds were prepared to back a proposed new management team.

This team of four managers, accounted for some 80 per cent of Miller's turnover.

At the heart of the issue is whether Nottingham's 38.3p per share offer is enough. The bidder says Miller's assets are worth funds were prepared to back a proposed new management team.

This team of four managers,

#### BANK RETURN

BANKING DEPARTMENT

2,558,255,377

2,588,255,377

+ 417,547,194

440,403,247 105,131,690 127,987,743

+ 417,547,194

ISSUE DEPARTMENT

11,410,000,000 + 10,000,000

January 1984

All these bonds having been sold, this announcement appears as a matter of record only.

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Dai-ichi Securities Co., Ltd.

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Marusan Securities Co., Ltd. Koyanagi Securities Co., Ltd.

Toyo Securities Co., Ltd. Kidder, Peabody & Co. Incorporated,

Kosei Securities Co., Ltd. Naigai Securities Co., Ltd.

Takagi Securities Co., Ltd. Daifuku Securities Co., Ltd.

The Nippon Securities Co., Ltd.

Chemical Bank International Limited

Manufacturers Hanover Limited

Banque Indosuez

Société Générale

The Shinei Ishino Securities Company, Limited

Banque Nationale de Paris

Crédit Lyonnais

Banque Paribas Deutsche Bank Aktiengesellschaft

New Japan Securities Co., Ltd.

Goldman Sachs International Corp.

Kokusai Securities Co., Ltd.

Osakaya Securities Co., Ltd.

Yamatane Securities Co., Ltd.

Bache Securities (Japan) Ltd.,

The Toko Securities Co., Ltd.

The Kaisei Securities Co., Ltd.

Hinode Securities Co., Ltd.

Vickers da Costa Ltd.,

Mito Securities Co., Ltd.

Chuo Securities Co., Ltd.

Hiraoka Securities Co., Ltd.

Nichiei Securities Co., Ltd.

Utsumiya Securities Co., Ltd.

The Izumi Securities Co., Ltd.

Morgan Grenfell & Co. Limited Morgan Guaranty Ltd

Swiss Bank Corporation International Limited

Banque Paribas

## last year, involves payments of \$31m for the net tangible assets of CMS, and \$19m for goodwill. The company has been built CMS's in addition, Fisons will take on the company has been built the company has been

THE LONG struggle for dominance in the laundry and cleaning industry came full circle payment for these four ing industry came full circle payment for these four ing industry came full circle payment for these four ing industry came full circle payment for these four inguity came full circle payment for these four cash. Sunlight, however, believes that the total consideration of £3.76m at December 31, of £3.76m at December 3

yesterday when Sunlight Service
Group, one of the key protagonists in the series of battles
which lasted more than one
year, acquired a subsidiary from
Pritchard Services Group, its
arch rival last summer.
Sunlight is buying St George's
Group, the linen hirer, in a
series of deals which will cost
\$6.41m in aggregate. St George's
was acquired by Spring Grove
in the summer of 1982. A year
later, when St George's had
almost eliminated Spring Grove's
profits, both Pritchard and Sunlight bid for Spring Grove. At
the same time, Brengreen,
another major cleaning group,
bid for Sunlight.
The Sunlight offer for Spring
Grove was blocked by the Monopolies Commission, leaving

The latest deal, Sunlight is
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businesses is about \$2.25m in
In the latest deal, Sunlight is
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Sunlight is busing storium cash is in initial payments will be
rich alto businesses.
Sunlight is businesses.
Sunlight

the Bell offer.

brought

for every 100 in Gleneagles.

With Bell's shares closing unchanged yesterday at 150p, this values each Gleneagles share at 285p, and the company at £25.65m.

in the wake of this coup, Gleneagles has produced a fore-

Bell

month ago.

Cast of pre-tax profits in 1984

Mr Peter Tyrie, the group's of at least £2.2m—almost double

and aggregate historic profits before tax were £136,000. Sunlight, which will convene

division.
Ferranti said it understood
TRW was selling because
Controls did was not totally
compatible with its other
interests. Controls will be
renamed Ferranti International
Controls Corporation.
Ferranti and TRW compete in an extraordinary meeting to sanction the required increase in authorised share capital, says ing a major stake in the national cleaning industry. It also calcu-lates that profits last year grew from £2.13m to £3.5m before tax and forecasts a total dividend of not less than 7p net per share

# Equity Capital For Industry and British Tar Products are each providing £150,000 addi-tional finance for Neo Plants in return for 25 per cent of the

When releasing these figures, Gleneagles complained: "A small number of shareholders have, in an unseemly rush, transferred control of the company before other shareholders could have the benefit of seeing the profit and asset figures on which to make a valid judgment." that these shareholders re-mained "resolutely behind the board," and intended to snub within its grasp a week ago when shareholders accounting for just over 52 per cent of Gleneagles shares accepted an improved offer of 190 Bell shares udgment." Bell riposted yesterday that it

saw nothing in the additional information which would lead it to increase the offer for a second time. Accordingly, it declared its offer final.

**NEW ISSUE** 

## ance with Comtech's policy of redeploying funds committed to its smaller UK commercial activities into its technical divi-sions product development pro-Mr Peter Tyrie, the group's of at least £2.2m—almost double general manager, emerged yesterday afternoon from a meeting assessed its asset values to 3i extends its offer for Edith

Investors in Industry—nov

at £54.75m. At the same time, it said its present offer was final. Responding to shareholder concern that 3i had undervalued certain of Edith's unquoted securities in pitching its bid, 3i also announced that the Takeover Panel had given permission for a committee of shareholders to

remain confidential.

the end of March next year. 3i holds 40 per cent of the shares in Edith.

had received acceptances which would boost its stake in Edith to just over 48 per cent. It said the offer will now close on Feb-

Mr Nigel Olsen, group general manager at 3i, said yesterday that the raison d'etre of Edith had been eroded since Estates Duties Tax in 1974.

Edith shares ended yesterday

known as 3i—yesterday extended its bid for Edith, the investment trust, which values the company Edith's portfolio which normally

3i also repeated, "to prevent any misunderstanding," that the agreement under which it has managed Edith's portfolio of investments will be terminated at

Si revealed yesterday that it

nts of the Council of The Stock Exchange. It does not constitute an offer of or invitation to subscribe for or purchase any securities.



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Panmure Gordon & Co. 9 Moorfields Highwalk London EC2Y 9DS

## THE MANAGEMENT PAGE

## A quest for growth in mature markets

The chairman of Imperial Group—which announced its results yesterday—talks to Tim Dickson about his management strategy

HALF-WAY through an inter- brought much greater cohesion

Moments later and 62-year-old Kent is sitting happily in front of growth in some of its mature of a VDU where—at the touch of a keyboard—he can call up Instituting a more centralised financial management informa-tion on any one of the company's 24 operating units (known as Strategic Business

utive's Information System," says the terminal cheerfully before answering Kent's finger-tip commands with a stream of detail on company WW's latest profits and cash flow, market share, working capital per employee and other relevant financial data (all incidentally compared directly with targets and the previous year's performance).

Explains Kent proudly, "It has been developed entirely in-house and is updated monthly, no later than 10 days after the end of an accounting

Kent's use of this computer system-which is supplemented by regular bulletins produced for the main board—is a vivid illustration of his attempt over the last two and a half years to turn a sprawling, decen-tralised and somewhat simless corporate empire into a vastly tighter and more disciplined

For while Imperial Group's return to favour in the City of London has already been well chronicled—profits before tax of £195.3m announced yesterday provided further evidence of improvement—a remarkable but little known transformation in management culture has accom-panied the rising share price. The question that has still to be answered is whether this change is fundamental enough to set the company on a new,

the systematic setting of objectives for each component part formed which reported to him of the group through the appliand the non-executive directors cation of "management by started to take a much more cation of "management by started to t strategy." Kent believes that active role.) this process has not only New chai

view with Geoffrey Kent, the to a group which takes in food Imperial Group chairman and hotels (notably Howard suddenly enquires: "Would Johnson) alongside tobacco you like to come and see my (Players and Wills) and beer (John Courage) but is also helping to identify new areas

Instituting a more centralised fession brough at group of almost 100,000 group. employees and sales last year Kent of more than £4.4bn, however, is no easy task. And when Kent was appointed chairman in July 1981, following Malcolm Anson's brief year at the top, morale was at a low ebb.

Attempts to diversify away from the tobacco business—the group's mainstay for the first 70 years of this century—had brought a series of problems, culminating in a terrible set of interim results for the months to April 1981.

#### Hands-on

"As a starting point I felt it was essential that the chief executive should be more closely involved," recalls Kent, who signalled his determination at his first press confer-ence by promising "to change the balance towards a hands-on style from the centre."

Commenting on this two and a half years later he explains, "This didn't mean controlling the operational matters of the various divisions. What it did mean was having a strategy based on declared group objectives, and putting into place financial controls to ensure that this strategy was being implemented in accordance with the targets set."

Kent moved quickly in 1981 manoeuvre by scrapping the group policy committee to which the board had deputed day to day executive responsigh growth path.

bility. Instead, he vested its
The new approach involves powers exclusively in himself. (Two advisory committees were

number of smaller strategic New chairmen, meanwhile, business units. These were

were appointed at Courage (Kent's previous company), at the struggling Howard Johnson division and at the food divi-sion, while a major weeding out at the group's Grosvenor Place headquarters was accom-panied by the recruitment of a handful of bright, highly pro-fessional head office managers brought in from outside the

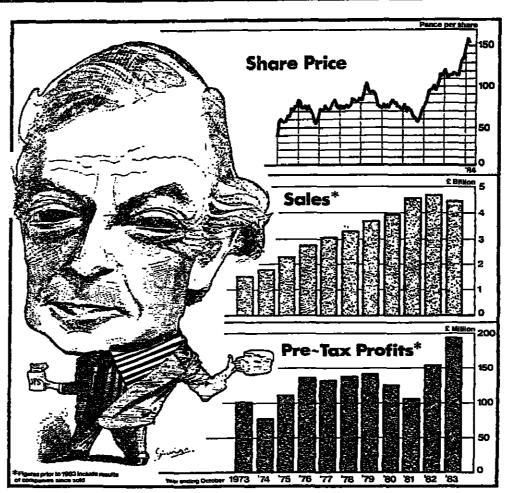
was thus ready to pursue his three initial objec-tives—a recovery programme (already under way) involving improved operating efficiencies and the disposal of peripheral businesses (notably those with a cyclical record); the introduction of what he calls "best practice" criteria; and the implementation of "management by strategy" whereby operating units plan for the future in line with overall group

objectives.
The requirement that all four operating divisions should operate "best practice" operate "best practice" involved a head office analysis of the return on capital employed by a sample of the close competitors in Imperial's various markets—then seeing how divisional performance matched up.

Kent admits the exercise was

"a bit crude " given that no two companies report return on capital employed in the same way-but it nevertheless highway—out it nevertheless nignified the inadequate returns relative to what was being achieved elsewhere in all parts of the group save tobacco. The exercise had its effect—a year later Howard Johnson was the only division below par.

While the "best practice" concept continues to highlight the problems at HoJo—its fig.4m of operating profits for 1983 announced yesterday must be set alongside the \$630m purchase price in 1980 (or £275m at then prevailing exchange rates). Kent acknowledges that the idea is too simple. "Strategic con-siderations, such as a need to increase market share, or com-bat competition by other means, can justify a different return." The next step was thus to sub-divide the four divisions into a



defined very broadly as a part of the business for which one executive is responsible and who is following a distinct "mission," competing with an identifiable set of outside rivals, and able to formulate and implement a strategic plan with little impact from others.

A total of 24 such units were established using these yard-sticks and their executives were subsequently asked to position themselves on a matrix containing four basic types of business—embryonic, growth, mature "A fundamental requirement

of management-by-strategy." Kent told his divisions, " is that decisions are taken based on a sound and detailed understanding of the businesses which we have and of the competitive dynamics in which they operate. Further, it is necessary to have a clear wire at the sharp end of the business and those at head office. Indeed the 1984-88 five-year sary to have a clear view as to the strengths and weaknesses of the group as a whole . . . and it is essential that our under-standing stems from data which is integrated and comparable. Without this no logical conclusions can be drawn from which equitable decisions and action Detailed strategies were thus

business unit by reference to a with little or no direction from standard set of data. Industry the centre and allocations and classification (embroyonic or reductions were made centrally mature, for example), competing a non-discriminating way tive position, stability of market share—all have to be set out on a standard question-naire along with trading per-formance, return on capital employed and cash flows (historic and projected) and invest-

ment plans broken into separate maintenance, improve-

who should be contributing what and why resources from some companies are diverted to others," as one executive puts it -the approach has required a plan was put together princi-pally by the head office teambased closely on divisional num-bers but also on its own assumptions and on detailed suggestions for each unit put

forward by Kent himself. Compare this with the scope for growth.
traditional "bottom up" With strategic management approach at Imperial — where- by divisions prepared their own group's existing assets, however,

and the scale of the revolution becomes apparent (Another significant innovation is a bonus scheme for 23 top executives—their remuneration is substantially if the control of the control o tially increased if they meet individual targets set much higher than those of the operations they are running.)

ment and development costs.

Besides giving management a strategic objectives which the clear framework — "setting out units have to take into account are the need to achieve a better portfolio balance and the need to acquire a strong market position in the industries in which the group operates. For in spite of the recovery

programme improved efficiency in the tobacco and beer divisions and the disposal of cyclical businesses like the J. B. Eastwood poultry concern — Imperial's image in the City remains that of a group stuck with a collection of largely mature businesses, apparently offering

## A high flyer

GEOFFREY RENT, aged 62, who was appointed chairman and chief executive of Imperial Group in July 1981, has spent the bulk of his life in the tobacco industry. Educated at Blackpool Grammar School, he served with the RAF during the war before moving into the marketing and advertising world. After appointments with a number of companies (including Johnson and Johnson) he joined John Player and Son in 1958. as advertising manager and moved up the ranks. He became marketing director in 1964, assistant managing director in 1969 and chairman and managing director in 1975. Between 1978 and 1981 he was chairman of the Group's Courage subsidlary which had been acquired

Kent lists his recreations in Who's Who as skiing and fly-ing and is one of the coming and is one of the com-paratively few private pilots to hold a full instrument rating. This enables him to fly in recognised airways and controlled zirspace through out the world.

drawn up for each strategic budgets and medium-term plans Kent believes Imperial is well poised to tackle this challenge and resume a growth path. But while Kent talks of a "radical asset recycling pro-gramme" he refuses at this

stage to give away any clues as to the specific priorities for future investment. Dismissing City rumours of a major impending acquisition — which would be deemed controversial at this stage — he talks of acting " for the near future at least not wholly outside the sectors in which we are now operating."

Broadly speaking the aim is to move businesses in a strong or favourable position "to an even stronger position on the competitive 'chessboard'" and to ensure that cash from mature and declining businesses is recycled into areas of faster cycled into areas of faster growth.

But while much has been achieved in the way of increased efficiency and the disposal of peripheral activities, it is still much too early to predict the outcome for a group once again starting to go forward. Much will depend on the way the new management can build on the strategic management prin-ciples recently applied by their

## Management abstracts

Planning product / processing technology. R. Malpas in Harvard Business Review. (U.S.), July/Aug 83.
Contends that "planning for the plant-after-next" is not only a useful way to keep research, development and engineering on target, but is a powerful tow. on target, but is a powerful top management innovatory tech-nique; outlines the value of learning curves in monitoring technology development and stimulating innovation, and suggests discount-cash-flow and suggests discount as useful age-of-asset records as useful supporting data. Outlines questions managers should ask to establish the viability of trade-offs from new process pro-posals, and offers guidelines for R and D organisation and tech-nological planning.

Managing with professionals. B. Tegner in Industrial Society (UK), Sep 83

Discusses the terms "professional" and "professionalism," and examines difficulties that can arise in organisations employing professionaly qualiemploying professionaly quali-fied personnel due to the stance such individuals may take as to where their commitments lie; suggests guidelines for employers, concluding with the advice that, while profession-alism has much to offer, its negative aspects should not be accepted as inevitable.

uture technological work culture. P. R. Harris in Leader-ship and Organisation Development Journal (UK), Vol 4 No. I

Discusses the major techno-logical developments currently causing dramatic changes to traditional industries and trading patterns. Stresses that neither business nor govern-ments are good at anticipating and applying innovations; argues that keeping up with technological developments requires a new kind of manage-ment able to take risks, become more cosmopolitan, manage change, and be more proactive.

Energy Conservation, J. F. Gamlin in IEE Proceedings— Part A (UK), Sep 83 Indicates areas where electrical engineers can contribute to energy conservation by reeveling materials, monitoring and more economical design of electric motors.

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#### Annual General Meeting

## **National Commercial Banking**

## Highlights from the Chairman's Address

#### Deregulation of the Financial System

In previous years I have spoken of the progress being made towards freeing the banking industry of restrictive official regulation. Recently we saw the Australian dollar being floated in one of the boldest steps yet taken towards deregulation. The authorities are to be complimented on this initiative. The Government also appears to have been moving away from the concept of tight control over bank interest rates. Freedom to set and vary prices to meet market conditions is crucial to the efficient operation of any business. Banking is no exception. The current environment of reduced market interest rates has created an ideal opportunity for the authorities to permit banks greater interest rate freedom than they have enjoyed for many years. I have high hopes that once the

Government has assessed the findings of the Martin Group, interest rate controls will be further relaxed. This will then give us an opportunity to make housing loans more accessible and more affordable, and also allow us to enhance our lending facilities to small business. Further deregulation of the financial system also seems likely to involve the admission of new entrants into the banking industry. The probability exists of the Government granting additional banking licences to foreign bank interests. We are not opposed to such a development. National Australia Bank has the strength and expertise to compete in such an environment. However, we would naturally prefer the remaining restrictions on our activities be removed prior to overseas banks being admitted.

Corporation of Australia Limited

Outlook for the year ahead Australia is on the road to economic recovery. Real growth is expected to exceed 4% during the 1983/84 financial year in contrast to the decline of 2% last year. The higher level of activity in prospect should be accompanied by a reduction in inflation which would have a beneficial effect on conditions in financial markets. Although a seasonal rise in some interest rates appears likely as the company tax payment period approaches, reduced inflation should engender greater stability in the underlying interest rate structure.

The major point here is that it is vital further progress be made in bringing about a permanently lower rate of inflation; the essential prerequisite for reduced interest rates. The Government can help by cutting back its financial demands on the community, and the unions and wage earners can play their part by ensuring that pressures for excessive wage increases do not develop. Continued large Budget deficits and a blow-out on the wages front

will result in a resurgence of inflation, thereby eliminating any prospect of a further decline in interest rates and choke-off the economic recovery now underway.

Prospects for National Australia

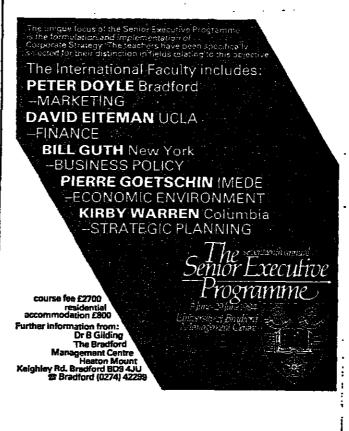
Bank Group are favourable. The successful completion of the merger, together with the increase in stockholders' funds arising from the recent share issue, place the Bank in a sound position to take advantage of growth opportunities inherent in the stronger domestic and international economies. Our banking performance during the year ahead will also rely heavily on our ability to maintain interest margins. These are being closely monitored. With respect to finance operations, the merger of the two finance companies and subsequent restructuring should provide tangible benefits during the current year.

Sir Robert Lew-Smith, Chairman of Directors, Melbourne. January 26, 1984.

#### Summary of Results (year ended September)

1982 Change Sm2 \$m Group operating profit 149.5 160.9 +**Z**6 (after tax) 20,517.0 Total Group assets 23,283.0 +13.5Dividend per 23c 23c stock unit

National Australia W. Bank



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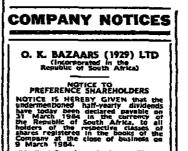
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By Order of the Board.

J. B. FARNALL.
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EUROPEAN INVESTMENT BANK 8% EUROPEAN COMPOSITE UNITS (EURCO) BONDS OF 1974 DUE JANUARY 18, 1989 Pursuant to the terms and conditions of the Loan, notice is hereby given to Bondboiders that during the bedvemonths' neriod ended January 17, 1984 EURCO 2,000.000 principal amount of the above bonds were purchased in satisfaction of the Purchase Fund.

Gustanding amount on January 18, 1984 EURCO 51,200,000.

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